

2009 Annual Report

Sydbank

Sydbank

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Group Financial Highlights

	2009	2008	Index 09/08	2007	2006	2005
Income statement (DKKm)						
Core income excl trading income	3,320	3,066	108	2,539	2,298	2,013
Trading income	1,266	1,159	109	1,488	1,319	1,079
Total core income	4,586	4,225	109	4,027	3,617	3,092
Costs and depreciation	2,466	2,484	99	2,200	2,030	1,853
Core earnings before impairment	2,120	1,741	122	1,827	1,587	1,239
Impairment of loans and advances etc	1,195	544	220	(568)	(171)	65
Core earnings	925	1,197	77	2,395	1,758	1,174
Profit/(Loss) on investment portfolios	430	(385)	-	(193)	173	139
Profit before non-recurring items	1,355	812	167	2,202	1,931	1,313
Non-recurring items, net	86	162	53	55	120	-
Profit before contribution to the Private Contingency Association						
Profit before contribution to the Private Contingency Association	1,441	974	148	2,257	2,051	1,313
Contribution to the Private Contingency Association	443	163	272	-	-	-
Profit before tax	998	811	123	2,257	2,051	1,313
Tax	217	205	106	547	537	377
Profit for the year	781	606	129	1,710	1,514	936
Balance sheet highlights (DKKbn)						
Loans and advances at amortised cost	74.5	82.5	90	74.5	65.5	53.5
Loans and advances at fair value	12.9	13.3	97	8.6	7.7	7.2
Deposits and other debt	68.8	75.0	92	66.0	50.0	43.6
Bonds issued at amortised cost	8.6	10.1	85	10.1	10.0	6.7
Subordinated capital (Tier 2)	3.1	4.2	73	3.8	3.5	2.8
Shareholders' equity (Tier 1)	9.1	7.1	129	6.7	6.3	5.0
Total assets	157.8	156.0	101	132.3	114.8	98.9
Financial ratios per share (DKK per share of DKK 10)						
EPS Basic	11.7	9.5		25.6	22.1	13.7
EPS Diluted	11.7	9.5		25.6	22.1	13.7
Share price at year-end	133.8	64.3		219.3	270.0	151.0
Book value	124.1	112.5		104.6	92.1	72.9
Share price/book value	1.08	0.57		2.10	2.93	2.07
Average number of shares outstanding (in millions)	66.9	63.4		66.7	68.5	68.6
Proposed dividend	-	-		3.0	3.0	3.0
Other financial ratios and key figures						
Solvency (total capital) ratio	15.2	14.7		11.9	11.8	11.1
Core capital (Tier 1) ratio	13.1	10.8		8.9	9.0	8.1
Pre-tax profit as % of average shareholders' equity	12.3	11.8		34.6	36.2	27.9
Post-tax profit as % of average shareholders' equity	9.6	8.8		26.2	26.7	19.9
Income/cost ratio (DKK)	1.24	1.24		2.37	2.10	1.68
Interest rate risk	1.0	1.4		2.6	2.0	2.3
Foreign exchange position	1.1	11.4		1.7	10.3	2.8
Foreign exchange risk	0.0	0.0		0.0	0.1	0.1
Loans and advances relative to deposits	1.0	1.0		1.0	1.2	1.1
Loans and advances relative to shareholders' equity	8.2	11.6		11.1	10.3	10.7
Growth in loans and advances for the year	(9.6)	10.7		13.7	22.4	28.0
Excess cover relative to statutory liquidity requirements	94.4	89.4		103.1	74.0	95.1
Total large exposures	17.2	23.8		46.4	34.7	93.9
Accumulated impairment ratio	1.8	1.0		0.9	1.6	2.1
Impairment ratio for the year	1.4	0.6		(0.6)	(0.2)	0.1
Number of full-time staff at year-end	2,369	2,479	96	2,276	2,190	2,123

Financial ratio definitions on page 65.

As from 2008 solvency and core capital ratios calculated in accordance with the new capital adequacy requirements.

Summary

Considering the difficult economic situation, profit before tax of DKK 998m is considered satisfactory. The result equals a return of 12.3% on average shareholders' equity (Tier 1).

The financial statements are characterised by:

- 8% increase in core income excl trading income
- 9% rise in trading income
- Declining costs (core earnings)
- Impairment of loans and advances of DKK 1,195m
- Profit on investment portfolios of DKK 430m
- Non-recurring items of DKK 86m
- Contribution of DKK 443m to the Private Contingency Association
- 10% reduction in bank loans and advances to DKK 74.5bn
- 8% decline in deposits to DKK 68.8bn
- 29% increase in shareholders' equity (Tier 1)
- Core capital (Tier 1) ratio of 13.1%
- Solvency (total capital) ratio of 15.2%
- Solvency need of 9.0%.

Summary income statement

Group (DKKm)	2009	2008
Core income excl trading income	3,320	3,066
Trading income	1,266	1,159
Total core income	4,586	4,225
Costs and depreciation	2,466	2,484
Core earnings before impairment	2,120	1,741
Impairment of loans and advances etc	1,195	544
Core earnings	925	1,197
Profit/(Loss) on investment portfolios	430	(385)
Profit before non-recurring items	1,355	812
Non-recurring items, net	86	162
Profit before contribution to the Private Contingency Association	1,441	974
Contribution to the Private Contingency Association	443	163
Profit before tax	998	811
Tax	217	205
Profit for the year	781	606

Core earnings before impairment represent DKK 2,120m against DKK 1,741m in 2008. The improvement of DKK 379m consists of a rise in core income excl trading income of DKK 254m, an increase in trading income of DKK 107m and a reduction in costs (core earnings) of DKK 18m – the highest level of core earnings before impairment in the Group's history.

Core earnings before impairment are above the projected level announced in the Q1-Q3 2009 Interim Report. The favourable variance can be ascribed to reduced costs (core earnings).

Impairment of loans and advances represent DKK 1,195m against DKK 544m in 2008.

Investment portfolio earnings constitute DKK 430m compared with a loss of DKK 385m in 2008.

Non-recurring items amounting to DKK 86m were recognised as income due to an increase in the measurement of the Group's holdings in PBS Holding prompted by the planned merger with the Norwegian company Nordito AS.

The contribution to the Private Contingency Association totals DKK 443m (2008: DKK 163m).

Following a tax charge of DKK 217m, the Group's profit after tax constitutes DKK 781m. In 2008 profit after tax amounted to DKK 606m. Profit after tax for 2009 equals a return on average shareholders' equity (Tier 1) of 9.6% and earnings per share stand at DKK 11.7 compared with DKK 9.5 in 2008.

During the year, shareholders' equity (Tier 1) grew by DKK 2,030m or 28.6% to DKK 9,118m, synonymous with an appreciable strengthening of the capital structure. Core capital (Tier 1) currently accounts for 86.6% of the total capital base against 73.4% at the beginning of the year.

The Group's solvency (total capital) ratio stands at 15.2%, including a core capital (Tier 1) ratio of 13.1%. At the beginning of the year, the solvency (total capital) ratio stood at 14.7% and the core capital (Tier 1) ratio stood at 10.8%.

Risk-weighted items grew from DKK 74.6bn to DKK 77.9bn at year-end 2009. The rise in credit risk accounts for DKK 2.0bn as a result of a decline in the average rating of the lending portfolio.

The solvency need is determined on the basis of the regulatory requirement of 8.0%. For precautionary reasons, an estimated buffer of one percentage point has been added to the regulatory requirement and the Group's solvency need at 31 December 2009 has been set at 9%.

The Group's internal capital target continues to represent DKK 9,900m, equal to 12.7% of risk-weighted items.

The Group's liquidity measured under the 15% and 10% statutory requirements constitutes 31.2% and 19.4%, respectively, at year-end 2009.

The Group projects core earnings before impairment of loans and advances in the region of DKK 1,900-2,100m in 2010.

Performance in 2009

Core income excl trading income

Total core income excl trading income grew by 8% to DKK 3,320m.

Core income excl trading income		
Group (DKKm)	2009	2008
Interest margins etc	2,776	2,610
Mortgage credit	221	176
Payment services	159	136
Remortgaging and loan fees	83	73
Other commission	59	48
Other operating income	22	23
Total	3,320	3,066

Despite a decline in bank loans and advances of 10% and in deposits of 8%, net interest developed favourably in 2009 due to a rise in interest margins.

After a set-off of DKK 8m – triggered by a loss as regards the share guaranteed by Sydbank in connection with the Totalkredit mortgage credit cooperation – net income from the cooperation totals DKK 160m (2008: DKK 135m). The corresponding cooperation with DLR Kredit has generated an income of DKK 52m (2008: DKK 33m). After adding the remaining mortgage credit income of DKK 9m, total mortgage credit income represents DKK 221m.

Income from foreign and domestic payment services went up by DKK 23m, mainly in the form of returns from partly owned sector companies. Remortgaging and loan fees rose by DKK 10m as a result of increased commission relating to loans.

Trading income

Income from bonds was favoured by a sharp growth in trading with institutional clients. As regards the other highly-diversified trading activities, the number of transactions has returned to the pre-financial crisis level albeit the volume is slightly lower. Income from asset management rose during the year but has not quite reached its former level. Total trading income increased by 9% – from DKK 1,159m in 2008 to DKK 1,266m in 2009.

Trading income

Group (DKKm)	2009	2008
Bonds	292	156
Shares	258	193
Foreign exchange	234	311
Money market	178	124
Asset management	304	375
Total	1,266	1,159

Costs and depreciation

The Group's total costs and depreciation recorded DKK 2,746m against DKK 2,723m in 2008. This includes a guarantee commission of DKK 270m to the Private Contingency Association (2008: DKK 86m).

Costs (core earnings) show a decrease of DKK 18m triggered by a decline in staff.

Costs and depreciation

Group (DKKm)	2009	2008
Staff costs	1,454	1,453
Other administrative expenses	887	997
Depreciation and impairment of property, plant and equipment	135	187
Other operating expenses	270	86
Total	2,746	2,723
Distributed as follows:		
Costs, core earnings	2,466	2,484
Costs, investment portfolio earnings	10	10
Costs, integration of bankTrelleborg	-	143
Costs, guarantee commission to the Private Contingency Association	270	86

Costs (core earnings) as a percentage of core income improved from 58.8 in 2008 to 53.8 in 2009.

At year-end 2009 the Group's staff numbered 2,369 (full-time equivalent) compared with 2,479 in 2008.

In 2009 Sydbank closed down two small branches, bringing the number of branches to 110 in Denmark and three in Germany.

Core earnings before impairment of loans and advances

Core earnings before impairment of loans and advances increased by DKK 379m to DKK 2,120m.

Impairment of loans and advances etc

Impairment of loans and advances represent DKK 1,195m against DKK 544m in 2008. This level exceeds the Group's expectations at the beginning of the year and reflects the downturn of the real economy. The impairment charges are predominantly ascribable to the Group's highly-diversified corporate lending portfolio.

At 31 December 2009 the impairment ratio relative to bank loans and advances and guarantees represents 1.38%. At year-end accumulated impairment and provisions (excl the accumulated provision of DKK 220m for the Private Contingency Association) amount to DKK 1,558m, a rise of DKK 499m compared with the beginning of the year.

Core earnings

Core earnings represent DKK 925m compared with DKK 1,197m in 2008.

Investment portfolio earnings

Less funding charges and less related costs of DKK 10m, investment portfolio earnings amount to DKK 430m (2008: loss of DKK 385m).

Non-recurring items

In 2009 non-recurring items amounting to DKK 86m were recognised as income due to an increase in the measurement of the Group's holdings in PBS Holding prompted by the planned merger with the Norwegian company Nordito AS. In 2008 DKK 162m was recognised as net income, consisting of an adjustment of the purchase sum concerning Totalkredit of DKK 186m, negative goodwill recognised as income concerning bankTrelleborg of DKK 119m and integration costs relating to bankTrelleborg of DKK 143m.

Contribution to the Private Contingency Association

In October 2008 Sydbank signed the agreement of the Private Contingency Association concerning the Danish government guarantee scheme for deposits and unsecured claims against

Danish banks. The Private Contingency Association pays an annual guarantee commission of DKK 7.5bn to the Financial Stability Company until the government guarantee expires on 30 September 2010. Sydbank's share represented DKK 270m in 2009.

In addition the Private Contingency Association guarantees payment of up to two times DKK 10bn to cover losses in the Financial Stability Company. Since its establishment, the company has recorded a loss of DKK 5,820m, of which DKK 4,795m relates to 2009. The total loss since 13 October 2008 is made up as follows:

Loss of Financial Stability Company

From 13 October 2008 (DKKm)	Total	Sydbank's share
EBH Bank	2,800	106
Gudme Raaschou Bank	1,400	53
Fionia Bank	1,000	38
Løkken Sparebank	620	23
Total	5,820	220

Sydbank's proportionate share of the loss in the Financial Stability Company is expensed at DKK 173m in 2009. The remaining guarantee – of the first DKK 10bn – constitutes DKK 156m and has been recognised as a guarantee commitment.

If the estimated loss in the Financial Stability Company exceeds DKK 25bn, the Private Contingency Association must cover further losses of up to DKK 10bn. Sydbank's share constitutes DKK 375m which has also been recognised as a guarantee commitment.

Sydbank – the parent

The Bank's total income before costs and impairment of loans and advances makes up DKK 5,073m (2008: DKK 4,065m). Income includes profit on holdings in associates and subsidiaries of DKK 25m (2008: loss of DKK 42m), comprising a profit after tax in subsidiaries of DKK 1m. In 2008 income moreover included an adjustment of the purchase sum concerning Totalkredit of DKK 186m and negative goodwill concerning bankTrelleborg of DKK 119m.

Performance in 2009

Profit for the period

Group (DKK m)	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Core income excl trading income	849	830	819	822	830
Trading income	296	329	369	272	301
Total core income	1,145	1,159	1,188	1,094	1,131
Costs and depreciation	592	586	629	659	617
Core earnings before impairment	553	573	559	435	514
Impairment of loans and advances etc	346	284	295	270	459
Core earnings	207	289	264	165	55
Profit/(Loss) on investment portfolios	69	150	139	72	(23)
Profit before non-recurring items	276	439	403	237	32
Non-recurring items, net	86	-	-	-	(18)
Profit before contribution to the Private Contingency Association	362	439	403	237	14
Contribution to the Private Contingency Association	116	113	142	72	163
Profit before tax	246	326	261	165	(149)
Tax	29	81	66	41	(11)
Profit for the period	217	245	195	124	(138)

In Q3 2009 the allocation between core income excl trading income and investment portfolio earnings changed by DKK 21m. The quarterly break-down is based on the published unaudited interim reports.

Total costs including guarantee commission to the Private Contingency Association of DKK 270m (2008: DKK 86m) constitute DKK 2,704m (2008: DKK 2,649m). An impairment charge of DKK 1,369m (2008: DKK 619m) concerning loans and advances and amounts owed has been recorded including DKK 173m (2008: DKK 47m) relating to the Private Contingency Association.

Subsidiaries

The subsidiary bank, Sydbank (Schweiz) AG, which conducts private banking activities in St. Gallen, Switzerland, recorded a profit after tax of DKK 0.4m (2008: loss of DKK 33m). Business developments have been turned around in 2009 following the financial crisis.

Ejendomsselskabet recorded a profit after tax of DKK 1m (2008: loss of DKK 26m).

Profit for the year

Pre-tax profit amounts to DKK 998m compared with DKK 811m in 2008. The tax charge represents DKK 217m (2008: DKK 205m). Profit for the year amounts to DKK 781m compared with DKK 606m in 2008.

Return

Return on shareholders' equity (Tier 1) represents 9.6% against 8.8% in 2008. Earnings per share rose from DKK 9.5 to DKK 11.7.

Q4 2009

In Q4 2009 core income excl trading income represents DKK 849m (Q3 2009: DKK 830m) and trading income constitutes DKK 296m (Q3 2009: DKK 329m). After costs of DKK 592m, core earnings before impairment stand at DKK 553m, which is DKK 20m lower than in Q3 2009.

Impairment of loans and advances etc totals DKK 346m in Q4 2009 (Q3 2009: DKK 284m). Core earnings represent DKK 207m (Q3 2009: DKK 289m).

Investment portfolio earnings for Q4 2009 represent DKK 69m. Profit before the contribution to the Private Contingency Association constitutes DKK 362m. After the contribution of DKK 116m to the Private Contingency Association and tax of DKK 29m, profit after tax for Q4 2009 amounts to DKK 217m (Q3 2009: DKK 245m).

Balance sheet

The Group's total assets made up DKK 157.8bn at year-end 2009 against DKK 156.0bn at year-end 2008.

Assets

Group – year-end (DKKbn)	2009	2008
Amounts owed by credit institutions etc	14.5	12.9
Loans and advances at fair value (reverse repo transactions)	12.9	13.3
Loans and advances at amortised cost (bank loans and advances)	74.5	82.5
Securities and holdings etc	38.5	28.3
Assets related to pooled plans	6.7	5.8
Other assets etc	10.7	13.2
Total	157.8	156.0

The Group's bank loans and advances total DKK 74.5bn – a decrease of 10% which is primarily ascribable to a decline in corporate lending.

Shareholders' equity and liabilities

Group – year-end (DKKbn)	2009	2008
Amounts owed to credit institutions etc	45.4	38.9
Deposits and other debt	68.8	75.0
Deposits in pooled plans	6.7	5.8
Bonds issued	8.6	10.1
Other liabilities etc	15.6	14.8
Provisions	0.5	0.1
Subordinated capital (Tier 2)	3.1	4.2
Shareholders' equity (Tier 1)	9.1	7.1
Total	157.8	156.0

The Group's deposits make up DKK 68.8bn against DKK 75.0bn at year-end 2008. The 8% decrease is solely ascribable to a decline in time deposits.

Subordinated capital (Tier 2)

During the year the Group has prepaid supplementary capital (Tier 2) amounting to DKK 1,095m. Supplementary capital (Tier 2) represents DKK 1,743m and hybrid Tier 1 capital DKK 1,381m. Subordinated capital (Tier 2) totals DKK 3,124m (2008: DKK 4,219m).

Share capital

In September 2009 the Bank completed a share capital increase of DKK 67,499,990 after which the share capital constitutes DKK 742,499,990 at year-end 2009.

The Sydbank share

Number	2009	2008
Average number of shares outstanding	66,926,690	63,446,971
Shares outstanding at year-end	73,471,636	63,011,999
Shares issued at year-end	74,249,999	67,500,000

The number of shares outstanding increased from 63,011,999 (93.35%) at the end of 2008 to 73,471,636 (98.95%) at the end of 2009. The Sydbank share's book value represents 124.1. At year-end 2009 the closing price of the Sydbank share stood at 133.8 and share price/book value at 1.08.

Shareholders' equity (Tier 1)

At year-end 2009 shareholders' equity constitutes DKK 9,118m – an increase of DKK 2,030m or 28.6% since 1 January 2009.

The change comprises additions from:

- net sale of own shares of DKK 433m
 - proceeds from share issue of DKK 855m
 - property revaluation of DKK 23m
 - profit for the year of DKK 781m
- as well as disposals deriving from tax on equity items of DKK 62m.

Accounting estimates

Estimates in relation to the measurement of assets and liabilities are based on assumptions considered reasonable by management but which by their nature are uncertain. They may prove to be incomplete or inaccurate as a result of developments differing from projections in the external environment in which the Group operates or in other respects relating to clients or business relations.

Solvency

Solvency

Group (DKKm)	2009	2008
Risk-weighted items	77,909	74,608
Core capital (Tier 1) (excl hybrid core capital)	8,981	6,971
Core capital	10,224	8,069
Capital base (Tiers 1+2)	11,809	10,989
Core capital (Tier 1) ratio (excl hybrid core capital)	11.5	9.3
Core capital ratio	13.1	10.8
Solvency (total capital) ratio	15.2	14.7

During the year the Group's capital structure was strengthened considerably thanks to the positive development in shareholders' equity (Tier 1) which has resulted in:

- an increase in core capital of DKK 2,155m to DKK 10,224m
- an increase in the capital base of DKK 820m after prepayment of supplementary capital of DKK 1,095m
- an increase in core capital relative to the total capital base from 73.4% in 2008 to 86.6%.

Performance in 2009

Risk-weighted items rose from DKK 74.6bn to DKK 77.9bn at year-end 2009, of which DKK 2.0bn is ascribable to an increase in credit risk caused primarily by two opposite trends:

- a decline in the average rating of the lending portfolio
- a 10% decrease in bank loans and advances.

Reference is made to the section on credit risk on page 70 and the separate publication "Credit Risk 2009".

At year-end 2009 the solvency (total capital) ratio stands at 15.2%, including a core capital (Tier 1) ratio of 13.1 percentage points compared with 14.7% and 10.8, respectively, at year-end 2008. The core capital (Tier 1) ratio excluding hybrid core capital has risen from 9.3% to 11.5%.

The solvency need is determined on the basis of the regulatory requirement of 8%. For precautionary reasons, an estimated buffer of one percentage point has been added to the regulatory requirement and the Group's solvency need at 31 December has been set at 9%.

The Group's internal capital target continues to represent DKK 9,900m, equal to 12.7% of risk-weighted items.

Reference is made to the section on capital management.

Solvency of the parent

At year-end 2009 the solvency (total capital) ratio represents 15.3%, of which 13.2 percentage points is ascribable to core capital (Tier 1).

Rating

The Group's ability to honour its payment obligations is regularly assessed by the international rating agency, Moody's. The Group's rating target is an important part of the Group's capital targets because a good rating gives the Group easier and cheaper access to capital and liquidity from the capital markets.

In autumn 2009, Sydbank's rating for long-term debt was lowered – as was the case for virtually all other Scandinavian banks – and Moody's current ratings of the Bank are as follows: A1 (long-term debt), P-1 (short-term debt) and C+ (financial strength).

Dividend

On the basis of the suspension of dividend distribution as a

consequence of Bank Package I, Sydbank will not distribute dividends concerning the 2009 financial year.

Outlook for 2010

The 2010 outlook is based on the assumption of modest positive growth in the Danish economy.

The Group's bank loans and advances are projected to display unchanged to moderate growth.

Core income excl trading income is expected to remain unchanged or to rise slightly.

Trading income is projected to remain unchanged or to decline slightly.

The level of costs is expected to remain largely unchanged due to a budgeted reduction in staff of almost 100.

Based on the above premises, the Group projects core earnings in the region of DKK 1.9-2.1bn before impairment of loans and advances – unchanged compared to 2009.

The prospects for many industries continue to seem bleak, which will trigger a continued large demand for impairment charges as regards the Bank's corporate clients. In contrast it is expected that the financial situation of the broad portfolio of retail clients will be satisfactory also in 2010. Overall the Group's impairment charges are projected to display an unchanged or declining trend in 2010.

Investment portfolio earnings will depend on financial market developments. At the beginning of 2010 the Bank's position-taking is characterised by positions in Danish floating-rate mortgage bonds involving limited interest rate risk.

The Group does not expect to realise non-recurring items in 2010.

It is anticipated that the contribution to the Private Contingency Association in the form of guarantee commission will total DKK 210m. To this must be added Sydbank's share of the Private Contingency Association's payment to cover any further losses in the Financial Stability Company of up to DKK 156m concerning the first guarantee of DKK 10bn which will be finally calculated during Q4 2010.

The Group's tax is budgeted at 25%.

Capital Management

The Group's capital management aims to ensure efficient deployment of capital relative to the Group's overall capital targets. The Group's risk profile is determined while taking into account the capital targets and implies first and foremost that the Group must have adequate capital to cover the Group's growth expectations and fluctuations in the risks assumed by the Group.

Sydbank has long applied internal ratings based (IRB) approaches to manage the credit risk of the Group's corporate and retail client portfolios. To determine the Group's capital requirements, Sydbank uses the advanced IRB approach as regards retail clients and the foundation IRB approach as regards corporate clients.

During a transition period the Group will continue to apply the Standardised Approach to credit risk in relation to a few portfolios – mainly exposures via the Group's foreign entities – totalling around DKK 6bn. The transition to IRB of exposures relating to the branches in Germany is expected to take place during 2010. The transition to IRB of exposures regarding bank-Trelleborg took place as of 30 June 2009.

Further details, also concerning risk-weighted items, capital information and solvency ratios are found in note 2.

The Group's capital management focuses on four capital elements: minimum capital, adequate capital base (Tiers 1+2), internal capital target and capital base (Tiers 1+2).

Minimum capital represents the capital required in compliance with the Capital Requirements Directive.

The adequate capital base is the Group's own determination of capital which is sufficient to protect depositors against loss under the prevailing economic conditions.

The solvency need is defined as the adequate capital base in percentage terms of risk-weighted items – RWA.

At 31 December 2009 the Group has decided to base the determination of the adequate capital base/solvency need on the regulatory solvency requirement of 8% of RWA.

The models and methods used to calculate the regulatory solvency requirement have been carefully reviewed to determine whether the Group's risks are adequately covered or whether there are areas or risks that require additional capital. Reference is made to note 2 for a detailed description of the models used to calculate the regulatory solvency requirement.

Determination of the adequate capital base (Tiers 1+2) involves relevant Group functions, including the Board of Directors and Group Executive Management, and is fully implemented in connection with the Group's annual report and 1H interim report. In connection with the other interim reports, determination is of a more general nature and in the remaining months, determination is impacted exclusively by changes in business volume and positions as well as developments in model parameters.

Determination

	DKKm	% of RWA
Regulatory solvency requirement	6,233	8.0
Precautionary buffer	779	1.0
Adequate capital base/solvency need	7,012	9.0

Due to the considerable uncertainty relating to international and Danish economic forecasts, the Group has decided to include a precautionary buffer of 1% of RWA at year-end 2009.

The adequate capital base/solvency need can be broken down as follows:

Breakdown

	DKKm	% of RWA
Credit risk	4,799	6.1
Market risk	701	0.9
Operational risk	523	0.7
Other circumstances	210	0.3
Precautionary buffer	779	1.0
Adequate capital base/solvency need	7,012	9.0

Other circumstances include property, plant and equipment and the Group's equity investments.

Capital Management

The internal capital target is the level of capital that the Group wishes to have at its disposal to protect shareholders against loss under prevailing and worsened economic conditions.

The capital base (Tiers 1+2) is the actual capital that the Group has at its disposal.

Based on the adequate capital base the Group's capital structure may be specified as follows:

Capital		
	DKKm	% of RWA
Adequate capital base/solvency need	7,012	9.0
Buffer capital	2,888	3.7
Internal capital target	9,900	12.7
Free capital	1,909	2.5
Capital base (Tiers 1+2)	11,809	15.2

The difference between the adequate capital base and the internal capital target – the buffer capital – reflects the additional capital which the Group finds necessary to have in order to protect shareholders against loss.

As shown above the Group's buffer capital represents DKK 2.9bn or 29.2% of the Group's internal capital target of DKK 9.9bn.

The difference between the capital base and the internal capital target is made up of free capital. Free capital may be used to assume new risks, including acquiring other institutions, purchasing own shares, distributing dividend and repaying subordinated capital.

Free capital constitutes DKK 1.9bn at year-end 2009.

The capital buffer totals DKK 4.8bn, equivalent to 68.4% of adequate capital base/solvency need.

It is aimed that core capital (excl hybrid core capital) represents 70-80% of the capital base, that hybrid core capital accounts for around 10% of the capital base and that subordinated capital makes up 10-20% of the capital base.

The Group applies sophisticated portfolio systems which

measure the actual credit risk of the Group's corporate and retail client portfolios more precisely in connection with the assessment of the adequate capital base. In addition, the Group makes regular use of expert assessments of specific risks or sub-areas, for instance risk concentration. Stress testing is another important element in connection with the assessment of the adequate capital base.

The object of stress testing is to assess the impact of adverse events on capital needed and income. Stress tests are conducted on an ongoing basis to show the impact for a period of usually three years in given economic scenarios.

As at 31 December 2009 the Group has based its stress test calculations on the following macro-economic scenarios:

Basic scenario reflects the Group's expectations of developments in the economy.

Deteriorated financial and confidence crisis reflects that the Danish economy is hit by another negative shock. A tight credit policy pursued by financial institutions and continued pessimism among consumers will lead to additional drops in consumption, housing prices and private investments. Unemployment will rise significantly.

Protracted Danish recession and international stagnation reflects that the financial and confidence crisis is coupled with international stagnation. The global economy will once again be in a recession and the export market will come to a halt at its currently weak level. Loose monetary policy will continue in an attempt to counter recession. Unemployment will rise significantly and GDP growth will post negative rates in 2010 and 2011 alike.

These scenarios and their relevance are subject to ongoing assessment and management approves these scenarios as the basis for further stress test calculations. The impact of the scenarios form part of the assessment of the adequate capital base. The stress tests show that the Group holds adequate capital.

Throughout 2009 the Group has fully met external as well as internal capital requirements.

Mission Statement and Business Goals

History and status

Sydbank was formed in 1970 through a merger between four local banks in Southern Jutland. Since then the Bank has grown through mergers, acquisitions and branch openings and today its scope of activities encompasses the entire country.

Sydbank is Denmark's fourth largest bank with a market share representing 5-8%, depending on customer segment and type of business. The market share is naturally largest in the areas where Sydbank has its historical roots – especially the Region of Southern Denmark. The Bank's international presence includes branches in North Germany and a subsidiary bank in Switzerland.

For a number of years Sydbank has recorded significant growth in business volume and generated financial results ranking it among the top performers of the banking sector.

Mission statement

Since 1995 Sydbank's fundamental values have been communicated via its mission statement. According to this, as a service undertaking the Bank first and foremost exists to meet the financial requirements of its clients. In all relations the Bank aims to create value based on the service philosophy, "What can we do for you", and to be perceived as competent, reliable, obliging and competitive.

Sydbank aims to be perceived by retail clients and small corporate clients as a competent, approachable and committed business partner with roots in the local community. As regards major clients, including private banking clients, corporate enterprises, other financial institutions and institutional clients, the Bank wishes to be perceived as a competent, approachable and committed business partner that fulfils clients' banking requirements by delivering professional, dynamic services coupled with financial capacity.

Sydbank aims to expand its banking operations in the Danish market for instance by opening branches in major urban communities and consequently consolidate its position as a nationwide player. Sydbank plans to expand its long-standing presence in North Germany and further develop its international private banking activities.

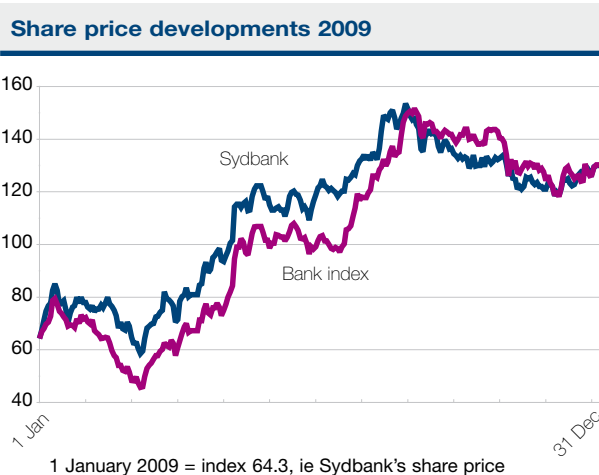
Sydbank's organisational philosophy is based on the needs and requirements of clients and business activities, and on broad delegation of professional competence and decision-making responsibility to individual customer oriented units. At the same time efforts are made to streamline administration. Committed and inspired, customer oriented and performance oriented employees who can and who want to make a difference are the Bank's most valuable resource and competitive parameter.

Overall financial goals

The Group aims to generate over time financial results to the satisfaction of shareholders' long-term return expectations and exceeding the average return of Danish banking peers.

The Sydbank share

At year-end 2009 Sydbank's shareholders numbered 149,000. Since December 2006 the Sydbank share has been part of OMXC20. The Sydbank share price (DKK 10 each) stood at 133.75 at year-end 2009 against 64.3 at the beginning of 2009 and 219.3 at the beginning of 2008.



Customers and Business Areas

Clients

Sydbank has 382,000 clients including approx 30,000 corporate clients. Customer development is very satisfactory, also considering Sydbank's focus on total banking relationships as well as mutual profitability and loyalty between client and banking partner. Moreover it demonstrates Sydbank's ability in the midst of a financial crisis to attract and retain clients in a competitive market.

Business areas

Sydbank's product range and supply channels are competitive and fulfil customer needs and requirements. The Bank attaches importance to being a proactive sparring partner and providing professional advice as well as smooth and efficient services for the benefit of all customer segments: retail clients, private banking clients and corporate clients. This is based on the Bank's knowledge of individual customer needs and requirements and on staff specialist knowledge and expertise within the respective areas of banking.

Retail segment

The Bank operates its banking business focussing on the development of services and product innovation is ongoing. During 2009 special focus was given to Sydbank's pension area and as a result new advisory tools have been developed to support clients' advisory needs.

To supplement its product development the Bank has concluded a number of cooperation agreements with sub-suppliers from outside the classic banking product range. Sydbank's primary mortgage credit partners are Totalkredit, Nykredit and DLR Kredit (the Agricultural Mortgage Bank) and its life insurance partners are Topdanmark and PFA.

Financial advice and private banking

Sydbank has targeted the business areas financial advice and private banking for quite a few years. These areas have grown substantially during the period and also in future they are expected to grow considerably as a consequence of increasing focus on pension savings and mounting interest in investments among the Bank's existing and potential clients. Wide presence and high professional expertise established the Bank among the very first to meet the requirements of eg private banking clients for wealth advisory services.

Sydbank's customer oriented expertise within financial and wealth advisory services is available in 17 decentralised investment centres. The customer solutions offered by the Bank are based on personal knowledge and attention as well as on customer needs oriented tools and analyses. Sydbank is in a strong position also to respond to the growing demands of wealthy Danish private banking clients. For many years Sydbank has provided financial advice and private banking to foreign clients through Private Banking International (PBI) in Gråsten.

Asset Management

Asset Management provides advisory and management services to for instance institutional clients, pooled pension plans, investment and hedge funds as well as major clients preferring portfolio management agreements. The Bank's departments for emerging market bonds and shares, a successful initiative targeting the institutional segment, is also embedded in this division. Asset Management is a growth area and a high priority area for the Bank. The volume of assets under management rose from DKK 47bn at year-end 2008 to DKK 57bn at year-end 2009 due to rising securities prices in 2009.

Asset management

DKKbn	2009	2008
Pooled pension plans	7	6
Portfolio management mandates	7	6
Portfolio management mandates, institutional clients	3	6
Management agreements	3	2
Investment funds and hedge funds	37	27
Total	57	47

Custody account volume

DKKbn	2009	2008
Retail and corporate clients	79	61
Pooled pension plans	7	6
Financial institutions	7	5
Investment funds and hedge funds	44	33
Total	137	105

The custody account volume of retail and corporate clients by type of security:

Custody account volume distribution		
DKKbn	2009	2008
Danish bonds	20	17
Foreign bonds	3	4
Danish shares	19	14
Foreign shares	5	3
Investment funds and hedge funds	32	23
Total	79	61

Sydbank Markets

Sydbank Markets quotes all prices, performs market making obligations and is responsible for the Bank's treasury portfolio. Moreover, this division services institutional clients, a few major clients, local banks as well as the Bank's decentralised investment centres.

Sydbank in Switzerland

In 2003 Sydbank established the subsidiary bank, Sydbank (Schweiz) AG, which from its domicile in St. Gallen targets eg private banking clients domiciled outside Denmark, including Danish expatriates.

Corporate clients

Sydbank has special competence when eg corporate clients request efficient payment services and cash management solutions – nationally as well as internationally. An illustration of this is the Bank's branches in Germany as well as its close collaboration with other Nordic banks in the Scandinavian market.

Sydbank is a direct participant in the new Single Euro Payments Area (SEPA) which was introduced in early 2008. As a result euro payment costs for the Bank's corporate clients have dropped substantially and most recently it has enabled Sydbank's corporate clients to make cross-border direct debit payments throughout Europe.

Corporate clients' needs for advice and settlement in connection with documentary, collection and guarantee transactions are covered by the Bank's natural competences within the field of payment services/cash management.

Another field of competence is the hedging of for instance corporate clients' interest rate and foreign exchange risks. Ongoing advisory services and the application of sophisticated analysis tools provide an overview of a client's funding structure as well as interest rate and foreign exchange risks.

A growing number of corporate clients have joined Sydbank's corporate pension programme, which is a flexible and competitive product to accommodate the business sector's requirements in this area.

Sydbank regularly takes part in polls focussing on corporate clients' satisfaction with their banker. The 2009 Aalund Business Research survey, based on interviews with enterprises with 10-499 employees, showed that Sydbank – for the ninth consecutive year – is one of the banks with the most satisfied and loyal corporate clients. Out of the 14 questions Sydbank takes the lead in 13.

Merchant Bank

Merchant Bank provides advisory services to corporate clients on for instance succession, the raising of subordinated loan capital, initial public offerings and share issues. Merchant Bank also prepares company and industry analyses.

Sydbank in Germany

Sydbank in Germany targets Danish corporate clients who trade with Germany as well as German corporate and retail clients. Financial and wealth advisory services as well as private banking are also available at Sydbank's German branches in Flensburg, Hamburg and Kiel. In addition the Flensburg branch is a specialist banker for retail clients commuting across the Danish-German border.

Leasing and boat financing

Sydbank's leasing services to corporate clients are provided via Sydleasing. In addition the Bank provides financing of leisure boats under the brand, Sofinans.

Organisation, Distribution and Staff

Clients' contact with Sydbank takes place via the branches in the Bank's 17 Danish regions, its branches in Germany, PBI in Gråsten, its subsidiary bank in Switzerland, and the expert functions at the head office.

Providing full service to all clients, the Danish regions are organised in corporate, investment and retail sections and service the Bank's smaller branches. Administrative tasks are carried out by customer secretariats.

Branches

Sydbank has a total of 113 branches, including three in Germany and PBI in Gråsten. In addition Sydbank has a subsidiary bank in Switzerland.

Via ongoing enlargement of the physical distribution network, Sydbank's operations are expanded in the parts of the country where the Bank has not had a presence. The branch network is gradually adjusted to allow the Bank's continued presence also in small communities.

Customer and employee safety in connection with physical services and the supply of cash is given high priority. Time delay locks have been installed in all branches. Also with security against robberies in focus, the Bank will continue to expand the number of cashless branches and set up exterior video surveillance as well as closed cash-handling systems.

eBanking

Sydbank's NetBank enables clients to carry out banking transactions, including securities trading, and gives clients the possibility to review pension and insurance schemes and to sub-

scribe to various text and email services. In addition, clients can be redirected to for instance PensionsInfo via NetBank.

The IT solutions which the Bank provides to its clients – in particular via NetBank – were further developed also in 2009. Customer satisfaction with the netbank products is growing and the number of NetBank clients and transactions continue to rise.

Sydbank's corporate client Online Banking system can be fully integrated with a client's ERP system and supports a wide range of national and international cash management solutions. Trade Finance Online is a system within Sydbank's Online Banking.

Sydbank's hotline, which is also open at night, services all eBanking solutions. In 2009 the hotline responded to more than 140,000 customer enquiries.

Almost 90% of clients' payment transactions – national as well as international – are conducted via Sydbank's eBanking systems.

Sydbank issues Dankort cards, with or without the Visa facility, Visa Electron cards and offers a versatile credit card programme. At end-2009 Sydbank MasterCard in circulation numbered just under 30,000.

All Sydbank branches have an ATM, 164 in all, and 145 ATMs are open virtually 24/7/365. In 2009 the Bank's ATMs handled more than 5m cash withdrawals – equal to just over 80% of all cash withdrawals.

Staff

In 2009 the Group's staff fell by 110 to 2,369 (full-time equivalent) – a decline of 4.4%. The decrease is consistent with the budget and reflects the fact that productivity per employee increased during the year – not least due to the implementation of a series of productivity enhancing systems as well as clients' increasing use of the Bank's self-service products.

Sydbank does not have incentive pay programmes. A general offer of savings deducted from gross pay to purchase Sydbank shares or bonds at market price was introduced in 2007 – an offer which around 75% of the staff accepted. However, as from 2010 due to legislative amendments it is no longer possible to purchase Sydbank bonds via the gross pay scheme.

IT

Sydbank's primary IT supplier is Bankdata, which provides systems solutions to Sydbank as well as 13 other Danish banks.

Sydbank is well positioned within IT. The operational reliability of the Bank's systems was high in 2009 with accessibility for clients as well as employees very close to 100%. Moreover, in terms of security, systems demonstrated robustness also in 2009.

Employee systems have been developed on an ongoing basis. Major initiatives include the launch of a new pension portal as well as the adaptation of systems to electronic land registration. In 2009 the project of switching from physical to electronic customer files was completed.

Danish Regional Bankers' Association

Sydbank is a member of the industry association, Regional Bankers' Association, together with Amagerbanken, Arbejdernes Landsbank, Jyske Bank and Spar Nord Bank. The main object of the Association is to strengthen members' position in relation to sector policy. The Association's secretariat in Copenhagen coordinates the Association's work.

Corporate Governance and Corporate Social Responsibility

Corporate governance

Since 2002 Sydbank has backed and actively addressed the recommendations issued by the Committee on Corporate Governance. The Bank's position has since then been stated in its annual reports. As from 2006 the Bank's position on the existing recommendations has been adopted on the basis of the "comply-or-explain" principle.

The Board of Directors of Sydbank supports the corporate governance efforts. The position of the Board of Directors as regards the recommendations can be read at sydbank.com.

Highlights:

- Sydbank's Articles of Association include a voting right limitation (no shareholder on his own behalf may cast a vote of more than 5,000 shares).
- The existing framework for the work of the Board of Directors is considered adequate also in relation to recruitment criteria and processes concerning new board members, restrictions as regards other directorships of board members as well as the length of the term of office.

Moreover the rules concerning the appointment and replacement of the company's Board of Directors, amendments to the Articles of Association, and the authority of the Board of Directors regarding the issue of shares or purchase of own shares are stipulated in the Bank's Articles of Association, in particular articles 16, 10 and 3. The Articles of Association are available at sydbank.com.

In relation to meeting frequency and evaluation the Board of Directors:

- will hold at least 11 ordinary board meetings each year
- will evaluate annually the work and results of the Board of Directors and the individual members – including the Chairman – with a view to improving the work of the Board of Directors.

Significant internal controls and risk management systems

Sydbank's risk management and internal controls relating to financial reporting are planned for the purpose of:

- preparing management accounts which make it possible to measure and follow up on the Group's performance and
- preparing financial statements which are in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for

annual reports of listed financial companies and which give a true and fair view without material misstatement.

The Group's internal controls and risk management systems are updated on an ongoing basis and are designed with a view to discovering and eliminating errors and omissions in the financial statements. Consequently internal controls and risk management systems provide reasonable assurance that all material errors and omissions are detected and corrected.

Overall control environment

The Group Executive Management is responsible for maintaining effective internal controls and a risk management system in connection with financial reporting. The Group Executive Management has designed and implemented controls considered necessary and effective to counter the identified risks relating to financial reporting.

Risk assessment

The Board of Directors and the Group Executive Management regularly assess the risks to which the Group is exposed, including those affecting the financial reporting process. A description of the most significant identified risks in relation to the financial reporting process is given in the annual report under accounting policies: "Significant recognition and measurement principles".

The Group Executive Management and the Audit Committee regularly consider whether new internal controls should be implemented to mitigate identified risks.

In addition the Audit Committee reviews high-risk areas at least once a year.

Procedures have been put into place to ensure that Sydbank at all times complies with relevant legislation and other regulations in connection with financial reporting. The Audit Committee is regularly informed of significant changes in legislation.

Monitoring

Analyses and control activities are conducted in connection with the preparation of the financial statements to ensure that financial reporting is in compliance with IFRS as described under "Accounting policies" in the financial statements.

Compliance

Compliance is an independent function reporting directly to the Bank's Group Executive Management. Compliance assesses and supervises that all the Bank's business areas comply with legislation as well as internal rules. Compliance provides assistance and counselling to the Bank's business areas for the purpose of complying with legislation and rules. The ongoing reporting of Compliance includes an assessment of compliance risks by way of the risk of financial losses, administrative sanctions and the loss of good standing.

Risk Committee

The Bank's Risk Committee, an independent committee chaired by the Bank's Group Chief Executive, performs tasks related to risk management in compliance with section 5 (2) of the executive order on organisational requirements and operating conditions for securities dealers. During 2009 the Risk Committee has ensured compliance with rules and procedures, and appropriate measures in relation to any inadequacies have been taken.

Audit Committee

At the board meeting in April 2009, the Board of Directors established an Audit Committee. The Audit Committee has no independent decision-making authority but reports to the Board of Directors. The Committee meets as a minimum four times a year. The Audit Committee reviews and monitors on an ongoing basis the adequacy of the Group's internal controls and assesses significant risks in connection with accounting, auditing and security issues which the Board of Directors, the Audit Committee, external auditors or Internal Audit believe deserve closer examination before they are brought before the Board of Directors. The Audit Committee held three meetings in 2009.

The Audit Committee follows up on measures taken to rectify weaknesses in internal controls identified and reported by external auditors and Internal Audit as well as errors and omissions in the financial statements and ensures that controls and procedures are implemented to counter these errors and omissions.

Internal Audit

Sydbank has established an internal auditing function in order to gain an objective, independent assessment of the adequacy

and effectiveness of the Group's internal controls and the quality of such controls. Internal Audit reports to the Board of Directors. The Board of Directors has approved a functional description for Internal Audit.

Internal Audit oversees that:

- the Group has good administrative and accounting practices
- there are written business procedures for all important areas of activity
- there are satisfactory internal control procedures
- there are prudent control and security measures within IT.

Moreover Internal Audit oversees that management's instructions on security and controls are incorporated into business procedures and are observed.

Corporate social responsibility

Sydbank is a Danish enterprise operating as a responsible player in society while respecting its business goals.

Social responsibility incorporates being an active player in the activities of associations and sports – locally and regionally. Numerous sponsorships are nurtured in Sydbank's 17 Danish regions – with elite sports people and not least amateur sports associations on a much wider front. In addition Sydbank's fund gives small and large donations for cultural and social purposes. Our local and regional commitment is the cornerstone of our corporate mission and one of the reasons why we remain the business partner characterised by closeness and local knowledge – despite our nationwide presence.

Also in relation to its employees the Bank takes its social responsibility seriously. Continuous initiatives within stress prevention, health promotion and senior policy schemes constitute some of the reasons why Sydbank is regarded as a highly attractive workplace. Also in terms of its environmental awareness, the Group has launched a range of initiatives in recent years aimed at minimising the Bank's energy consumption.

The joint aim of the Bank's CSR efforts is to emphasise Sydbank's position as ethically sound – among employees, clients and other stakeholders.

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Income Statement

DKKm	Note	Sydbank Group		Sydbank A/S	
		2009	2008	2009	2008
Interest income	4	5,695	7,457	5,692	7,454
Interest expense	5	2,290	4,692	2,292	4,696
Net interest income		3,405	2,765	3,400	2,758
Dividends on shares	6	31	31	31	31
Fee and commission income	7	1,114	1,256	1,088	1,226
Fee and commission expense	7	151	172	156	159
Net interest and fee income		4,399	3,880	4,363	3,856
Market value adjustments	8	667	115	663	109
Other operating income	9	23	143	22	142
Staff costs and administrative expenses	10	2,341	2,449	2,302	2,402
Depreciation and impairment of property, plant and equipment		135	187	132	161
Other operating expenses		270	86	270	86
Impairment of loans and advances etc	11	1,368	622	1,369	619
Profit/(Loss) on holdings in associates and subsidiaries	12	23	17	25	(42)
Profit before tax		998	811	1,000	797
Tax	13	217	205	219	191
Profit for the year		781	606	781	606
Distribution of profit for the year					
Profit for the year				781	606
Total amount to be allocated				781	606
Transfer to shareholders' equity (Tier 1)				781	606
Total amount allocated				781	606
EPS Basic (DKK)*		11.7	9.5	11.7	9.5
EPS Diluted (DKK)*		11.7	9.5	11.7	9.5
Proposed dividend per share (DKK)		-	-	-	-

* Calculated on the basis of average number of shares outstanding, see page 9.

Statement of Comprehensive Income

Profit for the year	781	606	781	606
Other comprehensive income				
Translation of foreign entities	1	23	1	23
Hedge of net investment in foreign entities	(1)	(23)	(1)	(23)
Property revaluation	23	0	23	0
Other comprehensive income after tax	23	0	23	0
Comprehensive income after tax	804	606	804	606

Balance Sheet

DKKm	Note	Sydbank Group		Sydbank A/S	
		2009	2008	2009	2008
Assets					
Cash and balances on demand at central banks		862	752	849	740
Amounts owed by credit institutions and central banks	14	13,637	12,165	13,942	12,186
Loans and advances at fair value	15	12,930	13,282	12,930	13,282
Loans and advances at amortised cost	15	74,544	82,476	73,998	82,306
Bonds at fair value	16	36,642	26,749	36,642	26,749
Shares etc	17	1,552	1,315	1,552	1,315
Holdings in associates etc	18	310	232	310	232
Holdings in subsidiaries	19	-	-	225	252
Assets related to pooled plans	20	6,735	5,777	6,735	5,777
Intangible assets	21	14	15	14	15
Total land and buildings		1,046	1,009	828	755
investment property	22	2	8	2	8
owner-occupied property	23	1,044	1,001	826	747
Other property, plant and equipment	24	139	158	132	150
Current tax assets		32	186	32	184
Deferred tax assets		11	10	7	7
Assets held for sale		-	5	-	5
Other assets	25	9,316	11,796	9,313	11,771
Prepayments		51	48	51	48
Total assets		157,821	155,975	157,560	155,774
Shareholders' equity and liabilities					
Amounts owed to credit institutions and central banks	26	45,406	38,889	45,460	38,959
Deposits and other debt	27	68,780	75,007	68,479	74,798
Deposits in pooled plans		6,735	5,777	6,735	5,777
Bonds issued at amortised cost	28	8,622	10,096	8,622	10,096
Current tax liabilities		8	13	8	12
Other liabilities	29	15,524	14,764	15,513	14,702
Deferred income		27	19	27	19
Total liabilities		145,102	144,565	144,844	144,363
Provisions	30	477	103	474	104
Subordinated capital (Tier 2)	31	3,124	4,219	3,124	4,219
Shareholders' equity (Tier 1):					
Share capital		742	675	742	675
Revaluation reserves		112	91	112	91
Other reserves:					
Reserves according to articles of association		418	411	418	411
Reserve for net revaluation according to the equity method		33	20	33	20
Retained earnings		7,813	5,891	7,813	5,891
Total shareholders' equity (Tier 1)		9,118	7,088	9,118	7,088
Total shareholders' equity and liabilities		157,821	155,975	157,560	155,774

Statement of Changes in Equity

Sydbank Group							
DKKkm	Share capital	Revaluation reserves	Reserves acc to articles of association	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2009	675	91	411	20	5,891	-	7,088
Changes in equity in 2009							
Purchase of own shares	-	-	-	-	(2,679)	-	(2,679)
Sale of own shares	-	-	-	-	3,112	-	3,112
Share issue *	67	-	-	-	788	-	855
Adjustment concerning property sold	-	(2)	-	-	2	-	-
Tax on equity items	-	-	-	-	(62)	-	(62)
Comprehensive income after tax	-	23	7	13	761	-	804
Total changes in equity in 2009	67	21	7	13	1,922	-	2,030
Shareholders' equity at 31 Dec 2009	742	112	418	33	7,813	-	9,118
Shareholders' equity at 1 Jan 2008	675	91	399	11	5,298	223	6,697
Changes in equity in 2008							
Purchase of own shares	-	-	-	-	(2,741)	-	(2,741)
Sale of own shares	-	-	-	-	2,560	-	2,560
Adjustment of purchase price bank Trelleborg	-	-	-	-	(5)	-	(5)
Employee shares	-	-	-	-	18	-	18
Adopted dividend etc	-	-	-	-	-	(223)	(223)
Tax on equity items	-	-	-	-	160	-	160
Dividends, own shares	-	-	-	-	16	-	16
Comprehensive income after tax	-	-	12	9	585	-	606
Total changes in equity in 2008	-	-	12	9	593	(223)	391
Shareholders' equity at 31 Dec 2008	675	91	411	20	5,891	-	7,088

Sydbank A/S

DKKm	Share capital	Revaluation reserves	Reserves acc to articles of association	Reserve for net revaluation according to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2009	675	91	411	20	5,891	-	7,088
Changes in equity in 2009							
Purchase of own shares	-	-	-	-	(2,679)	-	(2,679)
Sale of own shares	-	-	-	-	3,112	-	3,112
Share issue *	67	-	-	-	788	-	855
Adjustment concerning property sold	-	(2)	-	-	2	-	-
Tax on equity items	-	-	-	-	(62)	-	(62)
Comprehensive income after tax	-	23	7	13	761	-	804
Total changes in equity in 2009	67	21	7	13	1,922	-	2,030
Shareholders' equity at 31 Dec 2009	742	112	418	33	7,813	-	9,118
Shareholders' equity at 1 Jan 2008	675	91	399	11	5,298	223	6,697
Shareholders' equity at 1 Jan 2008							
Purchase of own shares	-	-	-	-	(2,741)	-	(2,741)
Sale of own shares	-	-	-	-	2,560	-	2,560
Adjustment of purchase price bankTrelleborg	-	-	-	-	(5)	-	(5)
Employee shares	-	-	-	-	18	-	18
Adopted dividend etc	-	-	-	-	-	(223)	(223)
Tax on equity items	-	-	-	-	160	-	160
Dividends, own shares	-	-	-	-	16	-	16
Comprehensive income after tax	-	-	12	9	585	-	606
Total changes in equity in 2008	-	-	12	9	593	(223)	391
Shareholders' equity at 31 Dec 2008	675	91	411	20	5,891	-	7,088

* Shares issued in connection with the capital increase of Sydbank A/S of DKK 67,499,990 nominal (6,749,999 shares of DKK 10 nominal).

As at 31 December 2009 share capital comprises 74,249,999 shares at a nominal value of DKK 10 or a total of DKK 742.5m. The Bank has only one class of shares as all shares carry the same rights.

Cash Flow Statement

DKKm	Sydbank Group	
	2009	2008
Operating activities		
Pre-tax profit for the year	998	811
Taxes paid	86	(128)
Adjustment of non-cash operating items:		
Loss on holdings in associates	(23)	(17)
Amortisation and depreciation of intangible assets and property, plant and equipment	135	188
Impairment of loans and advances/guarantees	1,369	622
Other non-cash operating items	386	(62)
Total	2,951	1,414
Changes in working capital:		
Credit institutions and central banks	6,155	19,691
Trading portfolio	(10,130)	(10,607)
Other financial instruments at fair value	903	(1,110)
Loans and advances	6,915	(13,353)
Deposits	(6,227)	8,970
Other assets/liabilities	2,191	(3,676)
Cash flows from operating activities	2,758	1,329
Investing activities		
Purchase of holdings in associates	(72)	(25)
Sale of holdings in associates	5	3
Purchase of intangible assets	-	(16)
Purchase of property, plant and equipment	(153)	(379)
Sale of property, plant and equipment	25	9
Cash flows from investing activities	(195)	(408)
Financing activities		
Purchase and sale of own holdings	371	8
Dividend	-	(223)
Share issue	855	-
Raising of subordinated capital (Tier 2)	(1,095)	390
Issue of bonds	(1,473)	20
Cash flows from financing activities	(1,342)	195
Cash flows for the year	1,221	1,116
Cash equivalent positions at 1 Jan	6,200	5,084
Cash flows for the year (changes during the year)	1,221	1,116
Cash equivalent positions at 31 Dec	7,421	6,200
Cash equivalent positions at 31 Dec		
Cash and balances on demand at central banks	863	752
Fully secured and cash equivalent balances on demand with credit institutions and insurance companies	3,559	5,123
Unencumbered certificates of deposit	2,999	325
Total cash equivalent positions at 31 Dec	7,421	6,200

Notes

Note 1 Accounting policies

Basis of preparation

The financial statements of the Sydbank Group have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements of the parent, Sydbank A/S, have been prepared in compliance with the Danish Financial Business Act, including the executive order on financial reporting of credit institutions and brokerage firms etc, which is in compliance with recognition and measurement under IFRS apart from the measurement of holdings in subsidiaries and associates at equity value.

Furthermore the annual report has been prepared in compliance with additional Danish disclosure requirements for annual reports of listed financial companies.

New accounting policies

The following have been implemented effective as from 1 January 2009:

- IAS 1 (Revised 2007) Presentation of Financial Statements
- IAS 23 (Revised 2007) Borrowing Costs
- IFRS 8 Operating Segments
- Amendment to IFRS 2: Share-based Payment
- Amendment to IAS 32: Financial Instruments: Presentation
- Amendment to IFRS 7: Financial Instruments: Disclosures
- IFRIC 14-17.

IAS 1 changes the presentation of the primary statements and certain notes.

IAS 23 requires that borrowing costs, whether borrowed specifically or generally, that are directly attributable to the construction or production of qualifying assets (intangible assets, property, plant and equipment as well as inventories and investment property measured at cost) are recognised as part of the cost of such assets.

IFRS 8 amends the rules for segment disclosures. IFRS 8 requires the Group's segment reporting to be based on internal reporting of operating segments. Operating segments are the components of an entity that are regularly monitored by the

group management and about which discrete financial information is available for management purposes which the chief operating decision maker uses to allocate resources to a segment and to assess its performance. In contrast IAS 14 required the disclosure of two sets of segments (business and geographical).

Sydbank's implementation of the new financial reporting standards and interpretations (IFRIC) has not had any effect on recognition and measurement in the consolidated financial statements and the parent's financial statements for 2009. The new standards and interpretations have resulted in a few changes in disclosures in the notes as well as in names of statements and items. Consequently, the accounting policies applied are consistent with those adopted in the preceding year apart from the above.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that the future economic benefits will flow to the Group and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.

On initial recognition assets and liabilities are measured at fair value. Subsequent measurement of assets and liabilities is as described for each item below.

Recognition and measurement take into account gains, losses and risks arising before the presentation of the financial statements and which confirm or invalidate circumstances existing at the balance sheet date.

Income is recognised in the income statement as earned. Expenses incurred to earn the year's income are recognised in the income statement. Value adjustments of financial assets, financial liabilities and derivatives are recognised in the income statement apart from value adjustments of instruments used to provide foreign currency hedge of net investments in foreign

subsidiaries and associates. The latter value adjustments are recognised in the statement of comprehensive income. Purchase and sale of financial instruments are recognised on the settlement date.

Accounting estimates

Determination of the carrying amounts of certain assets and liabilities requires estimates as to how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates significant to financial reporting are made for instance by determining the fair values of unlisted financial instruments as well as of impairment of loans and advances where determination is based on the most likely outcome of the cash flows. Estimates are based on assumptions considered reasonable by management but which by their nature are uncertain. They may prove to be incomplete or inaccurate as a result of developments differing from projections in the external environment in which the Group operates or in other respects relating to clients or business relations.

Impairment of loans and advances and other amounts owed involves significant estimates in relation to the quantification of the risk of not receiving all future payments. If it can be ascertained that not all future payments will be received, determination of the size of the expected payments, including realisable values of collateral held and expected dividend payments from estates, will also be subject to significant estimates. Moreover as regards provisions for guarantees there is an element of uncertainty in determining the extent to which the guarantee will become effective in the event of the financial breakdown of the guarantee applicant.

Measurement of financial instruments is based on quoted prices from an active market, on generally accepted valuation models with observable market data or on available data which only to a limited extent are observable market data.

Measurement of financial instruments for which prices are quoted in an active market or which are based on generally

accepted valuation models with observable market data are not subject to significant estimates.

As regards financial instruments where measurement is based on available data that only to a limited extent are observable market data, such as unlisted shares and certain bonds, including CDOs, for which there is no longer an active market, measurement is affected by estimates.

Reference is made to note 37 concerning the fair values of financial assets and liabilities.

Significant recognition and measurement principles

Consolidated financial statements

The consolidated financial statements include the parent, Sydbank A/S, as well as subsidiaries in which Sydbank A/S exercises control over financial and operating policies. Group Holdings and Enterprises (Note 40) lists the consolidated entities.

The consolidated financial statements combine the financial statements of the parent and the individual subsidiaries in accordance with the Group's accounting policies, in which intra-group income and costs, shareholdings, balances and dividends as well as realised and unrealised gains on intra-group transactions have been eliminated.

Enterprises acquired are included from the date of acquisition.

The assets of the enterprises acquired, including identifiable intangible assets as well as liabilities and contingent liabilities, are recognised at the date of acquisition at fair value in accordance with the acquisition method.

Where the cost of acquisition including direct transaction costs exceeds the fair value of the net assets of the enterprise acquired, the difference is recognised as goodwill. Goodwill is carried at the functional currency of the enterprise acquired.

Notes

Note 1 Accounting policies – continued

Where the fair value of net assets exceeds the cost of acquisition (negative goodwill), the difference is recognised as income in the income statement at the date of acquisition.

Divested enterprises are included until the transfer date.

Foreign currency translation

The consolidated financial statements are presented in DKK, the functional currency of the parent. Transactions in foreign currencies are translated at the exchange rate on the date of transaction. Balances in foreign currencies are translated at the closing rate.

Offsetting

The Group sets off assets and liabilities only when the Group has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Method of revenue recognition

Income and expenses are accrued over the periods to which they relate and are recognised in profit or loss at the amounts relevant to the accounting period. Fees and commission concerning loans and advances and amounts owed are recognised in the carrying amounts of loans and advances and amounts owed and are recognised in profit or loss over the life of the loans as part of the effective interest rate. Guarantee commission is recognised as income over the life of the guarantees. Income for implementing a given transaction, including securities fees and payment service fees, is recognised as income when the transaction has been implemented.

Core income

Core income is defined as net income before costs excluding investment portfolio income. Core income comprises core income excluding trading income, and trading income. Trading income derives from trading in financial instruments as well as gains/losses on the related trading portfolio. Trading income also comprises income relating to asset management and advisory services, including commission and fees from investment funds and the Bank's pooled plans as well as custody fees.

Core earnings before impairment of loans and advances etc

Core earnings before impairment of loans and advances etc represent total core income less costs relating to core income.

Core earnings

Core earnings represent total core income less costs and impairment charges for loans and advances etc relating to core income.

Investment portfolio earnings

Investment portfolio earnings derive from the portfolios of shares, bonds, derivatives and holdings managed by the Treasury department within Sydbank Markets. Investment portfolio earnings are less funding charges and costs.

Government guarantee

The Bank participates in the government guarantee scheme extending to 30 September 2010. Guarantee commission is recognised on a straight-line basis in the income statement over the guarantee period and is presented under "Other operating expenses". The Bank's commitment to cover any loss under the scheme is recognised as a provision when it is probable and can be measured reliably. Such amounts are recognised in the income statement under "Impairment of loans and advances etc".

Repo and reverse repo transactions

Securities sold under agreements to repurchase the same are recognised in the balance sheet as if the securities were still part of the portfolio. Consideration received is recognised as a liability and the difference between selling and buying prices is recognised over the life as interest in profit or loss. Gains or losses on securities are recognised in the income statement.

Securities bought under agreements to resell the same are not recognised in the balance sheet and gains or losses are not recognised in profit or loss. Consideration paid is recognised as a receivable and the difference between buying and selling prices is recognised over the life as interest in profit or loss.

Repo and reverse repo transactions are recognised and measured at fair value as they are regarded as an integral part of the trading portfolio and form part of ongoing risk management and determination of gains thereon.

Amounts owed and loans and advances

Initial recognition of amounts owed by credit institutions and central banks as well as loans and advances is at fair value plus transaction costs and less origination fees received.

Subsequent measurement of amounts owed by credit institutions etc and loans and advances that are not reverse repo transactions is at amortised cost less impairment charges. Amounts owed by credit institutions and central banks at amortised cost are all assessed individually to determine whether objective evidence of impairment exists. Significant amounts owed and loans and advances are all assessed to determine whether objective evidence of impairment exists.

There is objective evidence of impairment of amounts owed and loans and advances if one or more of the following events have occurred:

- Considerable financial difficulties on the part of the debtor.
- Breach of contract by the debtor, for instance by way of failure to fulfil the payment obligations as regards instalments and interest.
- Terms granted to the debtor by the Group, which would otherwise not have been considered if the debtor had not been experiencing financial difficulties.
- The likelihood of bankruptcy or other financial restructuring on the part of the debtor.

Impairment charges are determined individually when there is objective evidence of impairment at an individual level.

Individually assessed loans and advances without impairment as well as other loans and advances are subsequently assessed at portfolio level. If there is objective evidence of impairment at portfolio level an impairment test is carried out where the expected future cash flows are estimated on the basis of the historical loss experience adjusted for the effects

of prevailing conditions. The impairment charge for the portfolio is calculated in a ratings based model where loans and advances are classified according to client ratings at the balance sheet date. Where migration towards poorer ratings is registered, impairment charges will be made on a net basis.

Impairment charges calculated via the ratings based model are supplemented by the effect of events unaccounted for by the model.

Impairment charges are determined as the difference between amortised cost and the discounted value of the expected future cash flows, including the realisable value of any collateral held. Individual impairment charges are determined on the basis of the most likely outcome of the cash flows. Any subsequent increase in the discounted value of the expected cash flows will result in reversal in full or in part of the impairment charge. Determination of the discounted value is based on the original effective interest rate as regards fixed-rate loans and advances and the current effective interest rate as regards floating-rate loans and advances.

Interest calculated on the impaired value is recognised as income when impairment charges for loans and advances are recognised.

Leasing

Leased assets in connection with finance leases in which the Group is the lessor are recognised under loans and advances at the net investment in the leases less amortisation (repayment), which is computed according to the annuity method over the lease term. Income from the leased assets is recognised on the basis of the agreed effective interest rate of the leases and is recognised in profit or loss under "Interest income". Sales proceeds from leased assets are recognised under "Other operating income".

Bonds and shares etc

Bonds and shares etc are recognised and measured at fair value. The fair value option is applied to shares outside the trading portfolio as they form part of a portfolio which is man-

Notes

Note 1 Accounting policies – continued

aged and measured at fair value. The fair value is the amount for which a financial asset can be exchanged between knowledgeable, willing parties.

In an active market, fair value is expressed by a quoted price or alternatively by a model value based on recognised models and observable market data.

In a less active or inactive market, fair value is a model value based on recognised models and observable market data for similar assets.

A limited number of bonds and shares are measured on the basis of models and available data that are only to a limited extent observable market data.

Determination of fair value of unlisted shares and other holdings is based on available information about trades etc or alternatively based on expected future cash flows. If a reliable fair value cannot be determined, measurement will be at cost less any impairment charges. The purchase and sale of securities are recognised on the settlement date.

Holdings in subsidiaries

Holdings in subsidiaries are measured at the equity value of the entities in the financial statements of the parent. The proportionate share of the profit or loss after tax of the entities is recognised under “Profit/(Loss) on holdings in associates and subsidiaries”.

Holdings in associates

Associates are entities, other than subsidiaries, in which the Group has holdings and significant influence but not control. Holdings in associates are recognised at cost at the date of acquisition and subsequent measurement is at the proportionate share of the equity value of the entities plus acquired goodwill and other balances in connection with the acquisition. The proportionate share of the profit or loss after tax of the entities is recognised under “Profit/(Loss) on holdings in associates and subsidiaries”.

Derivatives and hedge accounting

Derivatives are recognised and measured at fair value. Positive market values are recognised under “Other assets”. Negative market values are recognised under “Other liabilities”.

Market value adjustment of derivatives, mainly interest rate swaps concluded for the purpose of hedging the interest rate risk of fixed-rate loans and advances, generates immediate asymmetry in the financial statements as fixed-rate loans and advances are measured at amortised cost. The macro hedging rules of IFRS aim to eliminate this asymmetry. The calculated change in the fair value of the loans and advances effectively hedged is recognised in the balance sheet under “Other assets” or “Other liabilities” and is recognised in profit or loss under “Market value adjustments”.

Pooled plans

All pooled assets and deposits are recognised in separate balance sheet items. Return on pooled assets and distribution to holders of pooled assets are recognised under “Market value adjustments”.

Intangible assets

Intangible assets concern the value of customer relations acquired in connection with the acquisition of bankTrelleborg. The value of customer relations acquired is measured at cost less accumulated amortisation and impairment charges. The value of customer relations acquired is amortised over the expected useful life of 15 years.

Investment property

Investment property is property mainly held to earn rental income and/or for capital appreciation.

Investment property is recognised on acquisition at cost and subsequent measurement is at fair value. Fair value adjustments as well as rental income are recognised in the income statement under “Market value adjustments” and “Other operating income”, respectively. The fair value of investment prop-

erty is determined on the basis of a systematic assessment of the expected return on the property.

Investment property is not depreciated.

Owner-occupied property

Owner-occupied property is property mainly used by the Group to operate its banking business.

Owner-occupied property is recognised on acquisition at cost and subsequently carried at a revalued amount corresponding to the fair value at the date of revaluation less depreciation and impairment charges. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Where the carrying amount decreases as a result of the revaluation of land and buildings, the decrease is charged to the income statement to the extent that any credit balance exists in the revaluation reserves in equity as a result of a previous revaluation of such asset. Any increase as a result of the revaluation of land and buildings is recognised in the revaluation reserves except where the increase reverses a decrease in the revaluation of the same asset previously recognised as an impairment charge. Owner-occupied property is depreciated on a straight-line basis over the expected useful life of 50 years, taking into account the expected residual value at the expiry of the useful life.

As regards ongoing measurement of land and buildings, the value of the individual property is measured on the basis of the return method. The underlying assumptions, return and return percentage are assessed by external property valuers.

As regards small properties, fair value measurement is based on the public land assessment.

Depreciation and impairment charges are recognised in the income statement under "Depreciation and impairment of property, plant and equipment".

Other property, plant and equipment

Other property, plant and equipment is measured at cost less depreciation and impairment charges. Depreciation is provided on a straight-line basis over the estimated useful life, typically 3-5 years. Leasehold improvements are depreciated over the term of the lease.

Depreciation and impairment charges are recognised in the income statement under "Depreciation and impairment of property, plant and equipment".

Other assets

This item includes assets not recognised under other asset items, eg positive market values of spot transactions and derivatives as well as interest receivable.

Dividends

Proposed dividend is recognised as a liability at the date of adoption at the AGM. Proposed dividend for the year is recognised as a separate item in equity until adoption.

Own shares

Consideration paid or received in connection with the Group's purchase and sale of Sydbank shares is recognised directly in equity.

Other liabilities

This item includes negative market values of spot transactions and derivatives, interest payable and provisions for employee benefits.

Wages and salaries, payroll tax, social security contributions and compensated absence are recognised in the financial year in which the associated service has been rendered by the Group's employees. Costs relating to the Group's long-term employee benefits are accrued and follow the services rendered by the employees in question. Pension contributions are paid into the employees' pension plans on a continuing basis and are charged to the income statement – with the exception

Notes

Note 1 Accounting policies – continued

of two contracts where the capitalised value of the pension obligations has been provided for. Changes in the capitalised value of pension obligations are recognised in the income statement on an ongoing basis.

Provisions

Provisions include provisions for guarantees, provisions for onerous contracts and legal actions etc. Initial recognition of financial guarantees is at fair value which is often equal to the guarantee premium received. Subsequent measurement of guarantees is at the higher of the guarantee premium received amortised over the guarantee period and any provision made.

A provision for a guarantee or an onerous contract is recognised if claims for payment under the guarantee or contract are probable and the size of the liability can be measured reliably. Provisions are based on management's best estimates of the size of the liabilities. Measurement of provisions includes discounting when significant.

Financial liabilities

Deposits, bonds issued, subordinated capital and amounts owed to credit institutions etc are recognised initially at the proceeds received net of transaction costs incurred.

Subsequent measurement of deposits, bonds issued, subordinated capital and amounts owed to credit institutions etc that are not repo transactions is at amortised cost using the effective interest rate method whereby the difference between net proceeds and nominal value is recognised in the income statement under "Interest expense" over the loan period.

Other liabilities are measured at the net realisable value.

Assets held for sale

Assets held for sale include property, plant and equipment and disposal groups held for sale. Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction within 12 months in accordance with a formal plan rather than through continuing use. Assets or disposal groups held for sale are measured at the lower of the

carrying amount and fair value less costs to sell. Assets are not depreciated or amortised from the time when they are classified as held for sale.

Any impairment losses arising at initial classification of the asset as held for sale and gains or losses at subsequent measurement at the lower of the carrying amount and fair value less costs to sell are recognised in profit or loss under the items they concern.

Tax

Danish consolidated entities are subject to compulsory joint taxation. The Group has not opted for international joint taxation. Sydbank A/S has been appointed the management company of the joint taxation entity. Corporation tax on income subject to joint taxation is fully distributed on payment of joint taxation contributions between the Danish consolidated entities. Tax for the year includes tax on taxable income for the year, adjustment of deferred tax as well as adjustment of tax for previous years. Tax for the year is recognised in the income statement as regards the elements attributable to profit for the year and directly in equity as regards the elements attributable to items recognised directly in equity.

Current tax liabilities and current tax assets are recognised in the balance sheet as calculated tax on taxable income for the year adjusted for tax on taxable income of previous years as well as tax paid on account.

Provisions for deferred tax are based on the balance sheet liability method and include temporary differences between the carrying amounts and the tax base of the balance sheets of each consolidated entity as well as tax loss carryforwards that are expected to be realised. In addition provisions for deferred tax are made to cover retaxation of previously deducted tax losses in the foreign subsidiary which has withdrawn from joint taxation. Calculation of deferred tax is based on current tax law and tax rates at the balance sheet date.

Changes in deferred tax due to changes in the tax rates are recognised in profit or loss.

Cash flow statement

The cash flow statement presents the cash flows from operating, investing and financing activities as well as cash equivalents at the beginning and end of the year. The cash flow statement is presented using the indirect method based on profit before tax.

The cash flow effect of the acquisition and disposal of entities is shown separately under cash flows from investing activities. The cash flow statement recognises cash flows concerning enterprises acquired from the date of acquisition and cash flows concerning divested enterprises until the transfer date.

Cash flows from operating activities are determined as profit before tax for the year adjusted for non-cash operating items, taxes paid as well as changes in working capital.

Cash flows from investing activities include purchase and sale of property, plant and equipment, intangible assets as well as holdings in entities.

Cash flows from financing activities include dividends paid as well as changes in equity, subordinated capital and bonds issued.

Cash and cash equivalents comprise cash and balances on demand at central banks, fully secured cash and cash equivalent balances on demand at credit institutions as well as unencumbered certificates of deposit.

Segment reporting

The Group consists of a number of business units and central joint functions. The business units are segmented according to product and services characteristics. Segment reporting complies with the Group's accounting policies as regards recognition and measurement. Inter-segment transactions are settled on an arm's-length basis. Expenses incurred centrally are charged to the business units in accordance with their estimated proportionate share of overall activities.

Segment assets and liabilities are assets and liabilities that are used to maintain the operating activities of a segment or have come into existence as a result of such activities and that are either directly attributable to or may reasonably be allocated to a segment. Other assets and liabilities are recognised in the business unit "Other".

Forthcoming standards and interpretations

The International Accounting Standards Board (IASB) has issued a number of amendments to the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are not mandatory for the Group in connection with the preparation of the financial statements for 2009. The Group does not plan to implement the new standards and interpretations until they become mandatory. None of the new adopted standards or interpretations are expected to have any significant impact on the Group's financial reporting.

IFRS 3 (Revised 2007): Business Combinations (as well as the consequential amendments to IAS 27: Consolidated and Separate Financial Statements) will apply to financial years beginning on or after 1 July 2009. These standards regulate the accounting treatment of business acquisitions and non-controlling interests. The amendments to IFRS 3 are not expected to have any significant impact on the Group's future financial reporting.

Furthermore the IASB has initiated a project to replace IAS 39 with a new standard for the measurement of financial assets and liabilities (IFRS 9). Phase 1 of IFRS 9 has been adopted and will become effective as from 1 January 2013. However early adoption is permitted subject to EU approval. These amendments concerning classification and measurement of financial assets are not considered to have any significant impact on the Group's financial reporting. Changes in the requirements concerning impairment losses on loans and advances and amounts owed at amortised cost as well as hedging of fixed-rate assets may however have a significant impact.

Notes

Note 2 Solvency

The Group has adopted the following methods and approaches to calculate solvency:

Credit risk outside trading portfolio, retail clients	Advanced IRB
Credit risk outside trading portfolio, corporate clients	Foundation IRB
Credit risk outside trading portfolio, financial counterparties	Standardised Approach
Counterparty risk	Mark-to-Market Method
Valuation of collateral	Financial Collateral Comprehensive Method
Market risk	Standardised Approach
Operational risk	Standardised Approach

A small proportion of exposures to corporate and retail clients is not yet comprised by internal methods or approaches, see page 71.

The Group's portfolio of equity investments includes strategic shares etc and is included under credit risk outside the trading portfolio in the Group's solvency calculation.

Various types of collateral are used to reduce the risk of the Group's lending portfolio. The most significant types of collateral comprise charges and guarantees.

Charges include deposit accounts and financial assets in the form of bonds and shares. The Group ensures that the charged items are separate from clients' right of disposal and that the charge is of legal validity. Valuation is ensured via the requirements of the Financial Collateral Comprehensive Method according to the executive order on capital adequacy which reduce the value of collateral on the basis of issuer, maturity and liquidity.

The Group has concluded netting agreements with all significant counterparties. Any impact thereof has been taken into account in the calculation of the Group's solvency only if the parties have settled collateral movements.

Note 2 Solvency – continued
Sydbank Group

DKKm	2009	2008
Solvency (total capital) ratio	15.2	14.7
Core capital (Tier 1) ratio	13.1	10.8
Capital base (Tiers 1+2) after deductions		
Shareholders' equity (Tier 1)	9,118	7,088
Revaluation reserves	(112)	(91)
Proposed dividend	-	-
Intangible assets and capitalised tax assets	(25)	(26)
Core capital (excl hybrid core capital)	8,981	6,971
Hybrid core capital	1,386	1,230
50% of holdings > 10%	(105)	(98)
50% of total holdings etc > 10%	-	(34)
50% of difference between expected losses and accounting value adjustment and accounting provisions	(33)	-
50% of the value of transferred payments etc with delivery risk	(5)	-
Core capital (incl hybrid core capital) after deductions	10,224	8,069
Subordinated loan capital (Tier 2)	1,744	2,839
Revaluation reserves	112	91
Hybrid core capital	-	158
Difference between expected losses and impairment charges	-	26
Capital base before deductions	12,080	11,183
50% of holdings > 10%	(105)	(98)
50% of total holdings etc > 10%	-	(34)
50% of difference between expected losses and accounting value adjustment and accounting provisions	(33)	-
50% of the value of transferred payments etc with delivery risk	(5)	-
Holdings in associates	(128)	(62)
Capital base (Tiers 1+2) after deductions	11,809	10,989
Credit risk	62,608	60,616
Market risk	8,764	7,261
Operational risk	6,537	6,731
Risk-weighted items	77,909	74,608
Capital requirement under Pillar I	6,233	5,968
Transitional rules, IRB	-	711
Capital requirement	6,233	6,679

Notes

Note 3 Segment reporting

Business segments

The Group consists of a number of business units and central joint functions. The business units are segmented according to product and services characteristics.

Banking serves all types of retail and corporate clients. Wealthy clients are served via investment centres.

Sydbank Markets is responsible for the Group's activities in the financial markets. Activities include trading in interest rate products, foreign exchange and shares as well as the necessary position-taking.

Treasury manages the Group's strategic (treasury positions) interest rate, foreign exchange and equity positions.

Other includes non-recurring items, contribution to the Private Contingency Association, costs to the Group Executive Management etc as well as return on strategic shareholdings that cannot be allocated to Banking or Sydbank Markets.

Inter-segment transactions are settled on an arm's-length basis. Expenses incurred centrally are charged to the business units in accordance with their estimated proportionate share of overall activities.

Surplus liquidity is settled primarily on the basis of short-term money market rates, whereas other intra-group balances are settled on an arm's-length basis.

Segment assets and liabilities are assets and liabilities that are used to maintain the operating activities of a segment or have come into existence as a result of such activities and that are either directly attributable to or may reasonably be allocated to a segment. Other assets and liabilities are recognised in the business unit "Other".

DKKm	Banking	Sydbank Markets	Treasury	Other	Total
Business segments 2009					
Core income excl trading income	3,267	53	-	-	3,320
Trading income	648	618	-	-	1,266
Core income	3,915	671	-	-	4,586
Costs and depreciation	2,126	288	10	52	2,476
Impairment of loans and advances etc	1,191	4	-	-	1,195
Core earnings	598	379	(10)	(52)	915
Investment portfolio income	-	-	456	(16)	440
Profit before non-recurring items	598	379	446	(68)	1,355
Non-recurring items, net	-	-	-	86	86
Profit before contribution to the Private Contingency Association	598	379	446	18	1,441
Contribution to the Private Contingency Association	-	-	-	443	443
Profit before tax	598	379	446	(425)	998
Depreciation and impairment of property, plant and equipment	118	12	-	5	135
Total assets	82,588	58,462	15,806	965	157,821
Full-time staff at 31 Dec	2,128	177	7	57	2,369

Note 3 Segment reporting – continued

DKKm	Banking	Sydbank Markets	Treasury	Other	Total
Business segments 2008					
Core income excl trading income	2,956	110	-	-	3,066
Trading income	834	325	-	-	1,159
Core income	3,790	435	-	-	4,225
Costs and depreciation	2,131	288	10	65	2,494
Impairment of loans and advances etc	555	(11)	-	-	544
Core earnings	1,104	158	(10)	(65)	1,187
Investment portfolio income	-	-	(295)	(80)	(375)
Profit before non-recurring items	1,104	158	(305)	(145)	812
Non-recurring items, net	-	-	-	162	162
Profit before contribution to the Private Contingency Association	1,104	158	(305)	17	974
Contribution to the Private Contingency Association	-	-	-	163	163
Profit before tax	1,104	158	(305)	(146)	811
Depreciation and impairment of property, plant and equipment	163	17	-	7	187
Total assets	89,615	46,475	18,916	969	155,975
Full-time staff at 31 Dec	2,207	179	7	86	2,479

Under IFRS, revenues from transactions with a single client exceeding 10% must be disclosed.

The Sydbank Group has no such clients.

The Sydbank Group's internal reporting is not made on the basis of products and services. Reference is made to notes 4 and 7 for distribution of interest income as well as fee and commission income.

DKKm	2009		2008	
	Core income	Assets	Core income	Assets
Geographical segments				
Denmark	4,412	1,442	4,020	1,365
Abroad	174	67	205	48
Total	4,586	1,509	4,225	1,413

Income from external clients is broken down by organisational affiliation within the Sydbank Group. Assets, comprising only intangible assets, land and buildings, other property, plant and equipment and holdings in associates, are broken down by location.

Geographical segmentation of Group income and assets is disclosed in compliance with IFRS and does not reflect the Group's management structure. Management is of the opinion that business segmentation provides a more informative description of the Group's activities.

Notes

Note 4 Interest income	Sydbank Group		Sydbank A/S	
	2009	2008	2009	2008
DKKm				
Reverse transactions with credit institutions and central banks	55	264	55	264
Amounts owed by credit institutions and central banks	171	364	172	373
Reverse loans and advances	304	445	304	445
Loans and advances and other amounts owed	3,786	5,080	3,781	5,065
Bonds	1,216	750	1,216	751
Total derivatives	148	519	149	521
comprising				
Foreign exchange contracts	288	531	289	533
Interest rate contracts	(145)	(12)	(145)	(12)
Other contracts	5	-	5	-
Other interest income	15	35	15	35
Total	5,695	7,457	5,692	7,454
Fair value, classified at initial recognition	359	709	359	709
Fair value, classified as held for sale	1,364	1,269	1,365	1,272
Assets recognised at amortised cost	3,972	5,479	3,968	5,473
Total	5,695	7,457	5,692	7,454

Note 5 Interest expense

Repo transactions with credit institutions and central banks	24	52	24	52
Credit institutions and central banks	637	1,172	639	1,178
Repo deposits	7	15	7	15
Deposits and other debt	1,327	2,722	1,327	2,721
Bonds issued	184	492	184	491
Subordinated capital (Tier 2)	110	232	110	232
Other interest expense	1	7	1	7
Total	2,290	4,692	2,292	4,696
Fair value, classified at initial recognition	31	67	31	67
Liabilities recognised at amortised cost	2,259	4,625	2,261	4,629
Total	2,290	4,692	2,292	4,696

Note 6 Dividends on shares	Sydbank Group		Sydbank A/S	
	2009	2008	2009	2008
DKK m				
Fair value, classified at initial recognition	24	17	24	17
Fair value, classified as held for sale	7	14	7	14
Total	31	31	31	31

Note 7 Fee and commission income

Securities trading and custody accounts	605	751	583	726
Payment services	161	166	161	166
Loan fees	84	72	84	72
Guarantee commission	93	96	93	96
Other fees and commission	171	171	167	166
Total fee and commission income	1,114	1,256	1,088	1,226
Total fee and commission expense	151	172	156	159
Net fee and commission income	963	1,084	932	1,067
Fees and commission concerning financial assets and liabilities	165	168	165	168
Fees and commission from management activities	238	282	231	274
Other fees and commission	560	634	536	625
Net fee and commission income	963	1,084	932	1,067

Note 8 Market value adjustments

Other loans and advances and amounts owed at fair value	(6)	6	(6)	6
Bonds	294	139	294	139
Shares etc	226	(151)	226	(151)
Investment property	0	0	0	0
Foreign exchange	247	250	243	244
Derivatives	(94)	(129)	(94)	(129)
Assets related to pooled plans	753	(1,281)	753	(1,281)
Deposits in pooled plans	(753)	1,281	(753)	1,281
Other assets/liabilities	0	0	0	0
Total	667	115	663	109
Fair value, classified as held for sale, trading portfolio	530	65	526	59
Fair value, classified at initial recognition, equity investments	137	50	137	50
Total	667	115	663	109

Notes

Note 9 Other operating income	Sydbank Group		Sydbank A/S	
	2009	2008	2009	2008
DKKm				
Rental income – real property	11	12	11	11
Negative goodwill in connection with acquisition of bankTrelleborg	-	119	-	119
Other operating income	12	12	11	12
Total	23	143	22	142

Note 10 Staff costs and administrative expenses

Salaries and remuneration				
Group Executive Management	12	17	12	17
Board of Directors	3	3	3	3
Shareholders' Committee	2	2	2	2
Total	17	22	17	22

Staff costs				
Wages and salaries	1,201	1,199	1,180	1,172
Pensions	138	125	135	122
Social security contributions	8	8	8	8
Payroll tax etc	90	98	89	96
Total	1,437	1,430	1,412	1,398

Other administrative expenses				
IT	500	563	495	558
Rent etc	161	160	165	163
Marketing and entertainment expenses	76	88	74	85
Other expenses	150	186	139	176
Total	887	997	873	982
Total	2,341	2,449	2,302	2,402

Audit fees				
Statutory audit	1	1	1	1
Assurance engagements	1	1	1	1
Tax consultancy	0	0	0	0
Audit fees in foreign entities	1	1	0	0
Total	3	3	2	2

In addition to fees paid to the audit firm appointed by the general meeting, costs have been incurred in operating the Group's Internal Audit.

Staff				
Average number of staff (full-time equivalent)	2,459	2,504	2,427	2,466

Note 10 Staff costs and administrative expenses – continued**Sydbank Group**

DKK thousand	2009	2008
Remuneration of the Board of Directors		
Kresten Philipsen	514	460
Anders Thoustrup	408	358
Svend Erik Busk (member as of 5 March 2009)	218	-
Vagn F. Christensen (resigned as of 28 February 2008)	-	56
Otto Christensen	238	230
Peder Damgaard	238	230
Harry Max Friedrichsen	238	230
Peter Gæmelke	238	230
Hanni Toosbuy Kasprzak	238	230
Per Olesen	238	230
Sven Rosenmeyer Paulsen	238	230
Jan Uldahl-Jensen	238	230
Margrethe Weber	238	230
Total	3,282	2,944
Of which committee fees (Audit Committee) *	113	-

* Svend Erik Busk (Committee Chairman), Kresten Philipsen and Anders Thoustrup have each received DKK 37,500.

DKKk	Carsten Andersen	Preben L. Hansen	Karen Frøsig	Allan Nørholm	Torben A. Nielsen
Remuneration of the Group Executive Management					
2009					
Contractual remuneration	3.3	2.5	2.1	2.0	-
Pension	0.7	0.5	0.4	0.4	-
Bonus	-	-	-	-	-
Total	4.0	3.0	2.5	2.4	-
2008					
Contractual remuneration	3.2	2.4	1.3	0.3	1.9
Pension	0.6	0.5	0.3	0.1	0.4
Bonus (concerning the 2007 financial year)	3.0	2.0	-	-	1.0
Total	6.8	4.9	1.6	0.4	3.3
			Appointed 1 May 2008	Appointed 1 Nov 2008	Resigned 31 Oct 2008

Group Executive Management – severance terms**Carsten Andersen**

There is a mutual notice of termination of 12 months. In respect of dismissal by the Bank Carsten Andersen is entitled to receive severance pay equal to 24 months' salary.

Preben Lund Hansen, Karen Frøsig and Allan Nørholm

The notice of termination is 6 and 12 months for the Deputy Group Chief Executive and the Bank, respectively. In respect of dismissal by the Bank the Deputy Group Chief Executive is entitled to receive severance pay equal to 12 months' salary.

Notes

Note 11 Impairment of loans and advances etc	Sydbank Group		Sydbank A/S	
	DKKm	2009	2008	2009
Impairment of loans and advances recognised in the income statement				
Impairment and provisions	972	167	973	164
Write-offs	465	499	465	499
Recovered from debt previously written off	69	44	69	44
Impairment of loans and advances etc	1,368	622	1,369	619
Impairment and provisions at 31 Dec				
Individual impairment and provisions	1,637	954	1,605	904
Collective impairment and provisions	141	152	141	152
Impairment and provisions at 31 Dec	1,778	1,106	1,746	1,056
Individual impairment of loans and advances and provisions for guarantees				
Impairment and provisions at 1 Jan	954	738	904	696
Exchange rate adjustment	0	5	0	0
Impairment and provisions during the year	1,052	216	1,053	213
Other movements	0	86	0	86
Write-offs covered by impairment and provisions	369	91	352	91
Impairment and provisions at 31 Dec	1,637	954	1,605	904
Individual impairment of loans and advances	1,397	888	1,365	838
Individual provisions for guarantees	240	66	240	66
Impairment and provisions at 31 Dec	1,637	954	1,605	904
Collective impairment of loans and advances and provisions for guarantees				
Impairment and provisions at 1 Jan	152	157	152	157
Impairment and provisions during the year	(11)	(5)	(11)	(5)
Impairment and provisions at 31 Dec	141	152	141	152
Sum of loans and advances and amounts owed subject to collective impairment and provisions	21,855	14,286	21,855	14,286
Collective impairment and provisions	141	152	141	152
Loans and advances and amounts owed after collective impairment and provisions	21,714	14,134	21,714	14,134
Individual impairment of loans and advances subject to objective evidence of impairment				
Balance before impairment of individually assessed loans and advances	3,126	1,959	3,093	1,909
Impairment of individually assessed loans and advances	1,397	888	1,365	838
Balance after impairment of individually assessed loans and advances	1,729	1,071	1,728	1,071
Note 12 Profit on holdings in associates and subsidiaries				
Profit on holdings in associates etc	23	17	23	17
Profit on holdings in subsidiaries	-	-	2	(59)
Total	23	17	25	(42)

Note 13 Tax	Sydbank Group		Sydbank A/S	
	2009	2008	2009	2008
DKKm				
Tax calculated on profit for the year	37	23	38	23
Deferred tax	183	173	183	157
Adjustment of prior year tax charges	(3)	9	(2)	11
Total	217	205	219	191
Tax on equity items				
Tax on equity items concerning current tax	62	(160)	62	(160)
Total	62	(160)	62	(160)
Effective tax rate				
Current tax rate of Sydbank	25.0	25.0	25.0	25.0
Permanent differences	(3.1)	(0.8)	(3.0)	(2.3)
Adjustment of prior year tax charges	(0.1)	1.1	(0.1)	1.3
Effective tax rate	21.8	25.3	21.9	24.0
Deferred tax				
Deferred tax 1 Jan	14	91	18	107
Additions – acquisition of entities	-	(90)	-	(90)
Deferred tax for the year	183	13	183	1
Deferred tax at 31 Dec, net	197	14	201	18
Deferred tax assets	11	10	7	7
Deferred tax liabilities	208	24	208	25
Deferred tax at 31 Dec, net	197	14	201	18

DKKm	Sydbank Group						
	2009			2008			
	1 Jan	Recognised in profit for the year	31 Dec	1 Jan	Additions – acquisition of entities	Recognised in profit for the year	31 Dec
Deferred tax							
Loans and advances at amortised cost	150	39	189	157	(87)	80	150
Land and buildings	3	(2)	1	3	1	(1)	3
Property, plant and equipment	(30)	-	(30)	(23)	(5)	(2)	(30)
Intangible assets	4	-	4	-	4	-	4
Other assets	61	6	67	4	1	56	61
Provisions	(2)	-	(2)	(8)	-	6	(2)
Subordinated capital (Tier 2)	-	-	-	(3)	-	3	-
Other liabilities	(28)	(2)	(30)	(25)	(4)	1	(28)
Capitalised losses, foreign entities	(3)	(1)	(4)	(16)	-	13	(3)
Capitalised losses, jointly taxed income	(143)	143	-	-	-	(143)	(143)
Retaxation balance	2	-	2	2	-	-	2
Deferred tax at 31 Dec, net	14	183	197	91	(90)	13	14

Notes

Note 14 Amounts owed by credit institutions and central banks	Sydbank Group		Sydbank A/S		
	DKKkm	2009	2008	2009	2008
Amounts owed at notice by central banks		3,554	340	3,554	340
Amounts owed by credit institutions		10,083	11,825	10,388	11,846
Total		13,637	12,165	13,942	12,186
On demand		3,610	5,069	3,575	5,038
3 months or less		8,964	4,544	9,304	4,596
Over 3 months not exceeding 1 year		565	1,163	565	1,163
Over 1 year not exceeding 5 years		490	1,373	490	1,373
Over 5 years		8	16	8	16
Total		13,637	12,165	13,942	12,186
Of which reverse transactions		4,992	2,408	4,992	2,408

Note 15 Loans and advances at amortised cost

On demand	20,027	18,538	19,481	18,369
3 months or less	14,866	16,314	14,866	16,314
Over 3 months not exceeding 1 year	27,382	33,272	27,382	33,271
Over 1 year not exceeding 5 years	17,281	18,723	17,281	18,723
Over 5 years	7,918	8,911	7,918	8,911
Total	87,474	95,758	86,928	95,588
Of which reverse transactions	12,930	13,282	12,930	13,282

Loans and advances and guarantees by sector and industry (%)

Agriculture, hunting and forestry	6.9	6.6	6.9	6.6
Fisheries	0.1	0.1	0.1	0.1
Manufacturing industries, extraction of raw materials, utilities	6.2	6.0	6.2	6.0
Building and civil engineering	2.7	2.8	2.7	2.8
Trade, restaurants and hotels	8.5	8.9	8.6	9.0
Transport, mail and telephone	2.3	2.3	2.3	2.3
Credit, finance and insurance	18.6	16.2	18.7	16.3
Property administration, purchase and sale, and business services	12.7	14.2	13.0	14.4
Other corporate lending	7.3	9.0	7.4	9.0
Total corporate lending	65.3	66.1	65.9	66.5
Public sector	1.2	2.5	1.2	2.5
Retail clients	33.5	31.4	32.9	31.0
Total	100.0	100.0	100.0	100.0

Note 15 Loans and advances – continued
Sydbank Group

DKKm	2009				2008			
	Retail	SME	Corporate	Total	Retail	SME	Corporate	Total
Past due amounts not impaired *								
0-30 days	56	8	79	143	103	12	186	301
31-60 days	3	1	3	7	6	1	13	20
61-90 days	1	0	1	2	3	1	13	17
Total	60	9	83	152	112	14	212	338

Rating category

1	14	0	4	18	22	0	3	25
2	14	1	5	20	30	1	31	62
3	10	2	10	22	18	3	53	74
4	8	2	16	26	13	3	47	63
5	9	2	25	36	13	3	35	51
6	3	1	6	10	5	1	13	19
7	1	0	7	8	0	1	4	5
8	0	0	4	4	0	0	2	2
9	1	0	6	7	0	0	6	6
Not rated (NR)	0	1	0	1	11	2	18	31
Total	60	9	83	152	112	14	212	338

* Past due amounts concerning loans and advances etc which have not been subject to individual impairment. Loans and advances and amounts owed payable beyond 90 days are treated as impaired.

As shown above a limited share of past due amounts concerns high credit risk clients.

DKKm	2009			2008		
	Gross investments	Unearned interest	Net investments	Gross investments	Unearned interest	Net investments
Lease payment receivables – finance leases						
1 year or less	1,258	107	1,151	1,323	215	1,108
Over 1 year not exceeding 5 years	2,760	213	2,547	3,171	367	2,804
Over 5 years	282	12	270	363	27	336
Total	4,300	332	3,968	4,857	609	4,248

Lease payment receivables comprise receivables on leasing of various operating equipment under non-cancellable leases. The leases are fixed-rate and floating-rate leases in foreign and Danish currencies.

Loans and advances at amortised cost include finance lease payment receivables of DKK 3,968m at year-end 2009 (2008: DKK 4,248m).

Impairment of uncollectible lease payment receivables totals less than DKK 8m (2008: DKK 3m).

Notes

Note 16 Bonds at fair value DKKm	Sydbank Group		Sydbank A/S	
	2009	2008	2009	2008
Mortgage bonds	35,657	25,651	35,657	25,651
Government bonds	413	926	413	926
Other bonds	572	172	572	172
Total	36,642	26,749	36,642	26,749

Note 17 Shares etc

Listed on Nasdaq OMX Copenhagen	198	252	198	252
Listed on other exchanges	332	268	332	268
Unlisted shares recognised at fair value	1,022	795	1,022	795
Total	1,552	1,315	1,552	1,315
Trading portfolio	655	610	655	610
Portfolio of equity investments	897	705	897	705
Total	1,552	1,315	1,552	1,315

Note 18 Holdings in associates etc

Carrying amount at 1 Jan	232	201	232	201
of which credit institutions	-	-	-	-
Total cost at 1 Jan	215	193	215	193
Exchange rate adjustment	0	0	0	0
Additions	71	25	71	25
Disposals	7	3	7	3
Total cost at 31 Dec	279	215	279	215
Revaluations and impairment charges at 1 Jan	17	8	17	8
Dividend	(12)	(8)	(12)	(8)
Revaluations and impairment charges for the year	23	17	23	17
Reversal of revaluations and impairment charges	3	0	3	0
Revaluations and impairment charges at 31 Dec	31	17	31	17
Carrying amount at 31 Dec	310	232	310	232
of which credit institutions	-	-	-	-

Note 18 Holdings in associates etc – continued
Sydbank Group

Activity	Owner-ship share (%)	Share-holders' equity (DKKm)	Total assets	Total equity and liabilities	Income	Result	
Holdings in associates							
Value-Call S.A., Luxembourg	Investment and finance	50	59	73	14	68	50
Foreningen Bankdata, Fredericia	IT	49	374	512	138	632	32
Core Property Management A/S, Copenhagen	Real property	20	24	29	5	21	6

Other enterprises in which the Group owns more than 10% of the share capital

PRAS A/S, Copenhagen	Investment and finance	11	1,620	1,620	0	(111)	(115)
ValueInvest Asset Management S.A., Luxembourg	Investment and finance	14	35	56	21	34	13
Scandinavian Private Equity Partners A/S, Copenhagen	Investment and finance	17	9	10	1	4	1
Hedgeforeningen Sydinvest, afdeling Aktie & ObligationsMix II, Aabenraa	Investment and finance	28	36	99	63	(82)	(82)
Berlin KGI A/S, Nyborg	Real property	13	179	190	11	0	(1)

Financial information according to the most recently published annual report of the enterprises.

Note 19 Holdings in subsidiaries
Sydbank Group
Sydbank A/S

DKKm	2009	2008	2009	2008
Carrying amount at 1 Jan	-	-	252	229
of which credit institutions	-	-	206	216
Cost at 1 Jan	-	-	648	559
Exchange rate adjustment	-	-	1	30
Additions	-	-	0	60
Disposals	-	-	27	1
Cost at 31 Dec	-	-	622	648
Revaluations and impairment charges at 1 Jan	-	-	(396)	(330)
Exchange rate adjustment	-	-	0	(6)
Profit/(Loss)	-	-	1	(59)
Dividend	-	-	-	-
Other capital movements	-	-	(2)	-
Revaluations and impairment charges for the year	-	-	-	-
Reversal of revaluations and impairment charges	-	-	1	1
Revaluations and impairment charges at 31 Dec	-	-	(397)	(396)
Carrying amount at 31 Dec	-	-	225	252
of which credit institutions	-	-	207	206

Notes

Note 20 Assets related to pooled plans	Sydbank Group		Sydbank A/S		
	DKKm	2009	2008	2009	2008
Cash deposits		159	310	159	310
Indexed bonds		447	451	447	451
Other bonds		3,931	3,265	3,931	3,265
Shares in Sydbank A/S		6	-	6	-
Other shares etc		1,999	1,556	1,999	1,556
Units		209	192	209	192
Other assets		(16)	3	(16)	3
Total		6,735	5,777	6,735	5,777

Note 21 Intangible assets

Carrying amount at 1 Jan	15	-	15	-
Purchase price at 1 Jan	16	-	16	-
Additions	-	16	-	16
Total purchase price at 31 Dec	16	16	16	16
Depreciation and impairment charges at 1 Jan	1	-	1	-
Revaluations and impairment charges for the year	1	1	1	1
Depreciation and impairment charges at 31 Dec	2	1	2	1
Carrying amount at 31 Dec	14	15	14	15

Note 22 Investment property

Fair value at 1 Jan	8	3	8	3
Additions, including improvements	0	6	0	6
Disposals	6	-	6	-
Value adjustments at fair value for the year	0	(1)	0	(1)
Fair value at 31 Dec	2	8	2	8
Rental income recognised in the income statement	1	1	1	1
Operating expenses	0	1	0	1

Note 23 Owner-occupied property

Carrying amount at 1 Jan	1,001	849	747	676
Exchange rate adjustment	0	0	0	0
Additions, including improvements	87	217	121	136
Disposals	17	9	17	9
Depreciation for the year	7	6	6	4
Revaluation surplus	23	26	25	2
Impairment at revaluation	43	76	44	54
Carrying amount at 31 Dec	1,044	1,001	826	747

Note 24 Other property, plant and equipment DKKm	Sydbank Group		Sydbank A/S	
	2009	2008	2009	2008
Carrying amount at 1 Jan	158	116	150	107
Total cost at 1 Jan	502	405	485	386
Exchange rate adjustment	0	0	0	0
Additions	67	156	65	155
Disposals	51	59	51	56
Total cost at 31 Dec	518	502	499	485
Depreciation and impairment charges at 1 Jan	344	289	335	279
Exchange rate adjustment	0	(1)	0	0
Depreciation for the year	84	103	81	100
Reversal of depreciation and impairment charges	49	47	49	44
Depreciation and impairment charges at 31 Dec	379	344	367	335
Carrying amount at 31 Dec	139	158	132	150

Note 25 Other assets

Positive market value of derivatives etc	8,330	10,574	8,330	10,574
Sundry debtors	336	265	332	240
Interest and commission receivable	649	957	650	957
Other assets	1	0	1	0
Total	9,316	11,796	9,313	11,771

Note 26 Amounts owed to credit institutions and central banks

Amounts owed to central banks	12,522	17,570	12,522	17,570
Amounts owed to credit institutions	32,884	21,319	32,938	21,389
Total	45,406	38,889	45,460	38,959
On demand	7,229	17,240	7,229	17,310
3 months or less	36,318	19,194	36,372	19,194
Over 3 months not exceeding 1 year	869	1,427	869	1,427
Over 1 year not exceeding 5 years	803	859	803	859
Over 5 years	187	169	187	169
Total	45,406	38,889	45,460	38,959
Of which repo transactions	13,956	1,108	13,956	1,108

Notes

Note 27 Deposits and other debt	Sydbank Group		Sydbank A/S	
	DKKm	2009	2008	2009
On demand	40,645	37,843	40,344	37,634
At notice	697	727	697	727
Time deposits	21,526	30,784	21,526	30,784
Special categories of deposits	5,912	5,653	5,912	5,653
Total	68,780	75,007	68,479	74,798
On demand	44,925	42,037	44,624	41,828
3 months or less	18,155	25,579	18,155	25,579
Over 3 months not exceeding 1 year	690	2,650	690	2,650
Over 1 year not exceeding 5 years	697	708	697	708
Over 5 years	4,313	4,033	4,313	4,033
Total	68,780	75,007	68,479	74,798

Note 28 Bonds issued at amortised cost

Over 3 months not exceeding 1 year	4,835	1,490	4,835	1,490
Over 1 year not exceeding 5 years	3,764	8,581	3,764	8,581
Over 5 years	23	25	23	25
Total	8,622	10,096	8,622	10,096

Note 29 Other liabilities

Negative market value of derivatives etc	7,488	8,833	7,488	8,833
Sundry creditors	7,886	5,286	7,880	5,240
Interest and commission etc	146	629	145	629
Other liabilities	4	16	0	0
Total	15,524	14,764	15,513	14,702

Note 30 Provisions	Sydbank Group		Sydbank A/S	
	2009	2008	2009	2008
DKK m				
Provisions for pensions and similar obligations	3	4	3	4
Provisions for deferred tax	208	24	208	25
Provisions for guarantees *	240	66	240	66
Other provisions	26	9	23	9
Total	477	103	474	104
* Of which the Private Contingency Association	220	47	220	47

	Sydbank Group				
	Provisions for pensions and similar obligations	Provisions for deferred tax	Provisions for guarantees	Other provisions	Total provisions
Carrying amount at 1 Jan	4	24	66	9	103
Additions	0	184	190	18	392
Disposals	1	0	16	1	18
Carrying amount at 31 Dec	3	208	240	26	477

Other provisions mainly concern provisions for onerous contracts and legal actions.

Note 31 Subordinated capital (Tier 2)					Sydbank Group		Sydbank A/S	
					DKK m		DKK m	
Interest rate	Nominal (m)		Maturity		2009	2008	2009	2008
Floating	Bond loan	EUR	100	29.06.12	-	745	-	745
Floating	Bond loan	EUR	40	17.09.12	-	298	-	298
Floating	Bond loan	DKK	50	29.10.12	-	50	-	50
Floating	Bond loan	EUR	100	21.10.13	744	745	744	745
Floating	Bond loan	DKK	200	14.11.14	200	200	200	200
Floating	Bond loan	EUR	100	04.04.15	743	744	743	744
Floating	Bond loan	EUR	8	31.10.15	56	55	56	55
Total supplementary capital					1,743	2,837	1,743	2,837
Floating	Bond loan	EUR	100	Perpetual	738	738	738	738
Floating	Bond loan	EUR	75	Perpetual	558	559	558	559
6.36	Bond loan	DKK	85	Perpetual	85	85	85	85
Total hybrid core capital					1,381	1,382	1,381	1,382
Total subordinated capital (Tier 2)					3,124	4,219	3,124	4,219
Costs relating to the raising and repayment of subordinated capital					0	-	0	-
Over 1 year not exceeding 5 years					944	1,837	944	1,837
Over 5 years					2,180	2,382	2,180	2,382
Total					3,124	4,219	3,124	4,219

Notes

Note 32 Own holdings	Sydbank Group		Sydbank A/S	
	DKKm	2009	2008	2009
Nominal portfolio of own holdings	8	45	8	45
Nominal portfolio of own holdings as % of share capital	1.0	6.6	1.0	6.6
Shares outstanding (number)	73,471,636	63,011,999	73,471,636	63,011,999
Holding of own shares (number)	778,363	4,488,001	778,363	4,488,001
Total share capital (number)	74,249,999	67,500,000	74,249,999	67,500,000
Own holdings purchased during the year				
Number of shares	22,723,862	17,400,706	22,723,862	17,400,706
Nominal value	227	174	227	174
Consideration paid	2,679	2,741	2,679	2,741
Number of shares as % of share capital	30.6	25.8	30.6	25.8
Own holdings sold during the year				
Number of shares	26,433,500	16,378,646	26,433,500	16,378,646
Nominal value	264	164	264	164
Consideration received	3,112	2,555	3,112	2,555
Number of shares as % of share capital	35.6	24.3	35.6	24.3
Own holdings have been purchased and sold as part of the ordinary banking transactions/employee share scheme of Sydbank A/S.				
Note 33 Contingent liabilities and other obligating agreements				
Contingent liabilities				
Financial guarantees	2,702	3,050	2,589	2,962
Mortgage finance guarantees	2,343	979	2,343	979
Registration and remortgaging guarantees	5,057	3,239	5,057	3,239
Loss guarantee/guarantee, the Private Contingency Association	531	871	531	871
Other contingent liabilities	1,420	1,436	1,420	1,436
Total	12,053	9,575	11,940	9,487
Other obligating agreements				
Irrevocable credit commitments	14	5	14	5
Other liabilities *	61	74	114	132
Total	75	79	128	137
* Including intra-group liabilities in relation to rented premises	-	-	57	63

A group of minority shareholders ("Foreningen af Minoritetsaktionærer i bankTrelleborg") has filed a class action regarding the legality of the compulsory redemption against Fonden for bankTrelleborg, Sydbank and the Danish Financial Supervisory Authority. In continuation of the compulsory redemption of the shares in bankTrelleborg, the shares were priced by appraisers in accordance with section 144 (4) of the Danish Financial Business Act. A few shareholders have brought the findings of the appraisers before the courts as regards Fonden for bankTrelleborg and Sydbank.

Moreover, in 2009 the group of minority shareholders ("Foreningen af Minoritetsaktionærer i bankTrelleborg") filed an action against Sydbank regarding an inadequate prospectus in connection with the conversion of sparTrelleborg to bankTrelleborg.

Note 33 Contingent liabilities and other obligating agreements – continued

In addition, the Group is party to a number of legal actions. These actions are under continuous review and the necessary provisions made are based on an assessment of the risk of loss. Pending legal actions are not expected to have any significant impact on the financial position of the Group.

Sydbank and the majority of Danish banks are participating in the government guarantee scheme which was adopted by the Danish parliament on 10 October 2008. The scheme extends from 5 October 2008 to 30 September 2010 and involves an unconditional government guarantee for the obligations of Danish banks, except for subordinated capital and covered bonds.

Note 34 Fair value hedging of interest rate risks (macro hedge)

Sydbank adopts a cash flow model for managing interest rate risk on all positions other than Danish callable mortgage bonds. The model is updated daily with all the Bank's positions. These are distributed into portfolios according to responsibility and product.

One of these portfolios consists of the Bank's positions in fixed-rate loans and advances, including leasing, fixed-rate deposits, and related hedging transactions. To ensure interest rate risk management of this portfolio, the model generates a synthetic cash flow to describe the Bank's risk position in selected interest rate scenarios.

The Bank's basis for concluding hedging transactions – primarily interest rate swaps – is thus a synthetic net cash flow, based on the actual cash flow of loans and advances, deposits and previously concluded hedging transactions in the relevant portfolio. The aim is to keep the interest rate risk in this portfolio at a minimum as the Bank wishes to place its interest rate risk in other portfolios containing bonds and other cash equivalent positions.

In connection with the preparation of interim and annual reports the rules on macro hedge are applied, which aim to ensure symmetry between income and expense in the statements.

Symmetry is achieved by making a hedge adjustment corresponding to the part of the market value adjustment of derivatives which concerns future periods. This hedge adjustment is recorded under "Other assets" and represents DKK 34m as at 31 December 2009.

During the year a net loss on hedging transactions of DKK 22m has been recorded. The loss eliminates the equivalent net gain on the hedged items.

DKKm	Sydbank Group		Sydbank A/S	
	2009	2008	2009	2008
Loans and advances				
Carrying amount	1,583	1,741	1,583	1,741
Deposits				
Carrying amount	2,616	1,800	2,616	1,800
The following derivatives are used to hedge the above:				
Forward Rate Agreements				
Principal	15	39	15	39
Fair value	1	1	1	1
Swaps				
Principal	853	323	853	323
Fair value	(42)	(20)	(42)	(20)

Notes

Note 35 Collateral

At the end of 2009, the Group had deposited as collateral securities at a market value of DKK 13,486m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and consideration received is recognised as a deposit. Repo transaction securities are treated as assets provided as collateral for liabilities. Counterparties are entitled to sell the securities or deposit them as collateral for other loans.

DKKm	Sydbank Group		Sydbank A/S	
	2009	2008	2009	2008
Assets sold as part of repo transactions				
Bonds at fair value	13,793	1,108	13,793	1,108

Note 36 Related parties

DKKm	2009 Group			2008 Group		
	Associates	Board of Directors	Executive Management	Associates	Board of Directors	Executive Management
Loans and advances and loan commitments	1	66	1	0	77	0
Deposits and other debt	140	91	7	178	58	7
Guarantees issued	-	3	0	-	-	4
Collateral received	-	14	-	-	8	-
Interest income	0	2	0	0	2	0
Interest expense	1	2	0	2	2	0
Fee and commission income	0	0	0	0	0	0
Other expenses	352	-	-	417	-	-

Interest rates 2009

Group Executive Management: 3.70-5.00% p.a. Board of Directors: 2.50-6.75% p.a.*

* Interest rates concern loans in different currencies.

There are no parties with significant influence in Sydbank A/S (ownership share > 20%). Note 18 specifies associates. The Board of Directors and the Group Executive Management columns comprise the Group's business transactions with members of the Board of Directors and the Group Executive Management and their dependants. Note 10 specifies the remuneration of management. Other expenses include primarily IT costs to Bankdata. Transactions with related parties are settled on an arm's length basis and are subject to the terms and conditions in force. No unusual transactions took place with related parties in 2009.

Amounts owed by and to subsidiaries etc

Amounts owed by credit institutions and central banks	-	-	340	62
Loans and advances at amortised cost	-	-	199	181
Total asset items	-	-	539	243
Amounts owed to credit institutions	-	-	54	70
Deposits and other debt	-	-	-	-
Total liability items	-	-	54	70

Note 36 Related parties – continued

Sydbank Group

Number	1 Jan 2009	Additions	Disposals	31 Dec 2009
Sydbank A/S shares* held by				
Board of Directors				
Kresten Philipsen	17,831	692	20	18,503
Anders Thoustrup	1,729	193		1,922
Svend Erik Busk	583			583
Otto Christensen	34,960			34,960
Peder Damgaard	546			546
Harry Max Friedrichsen	771	96		867
Peter Gæmelke	5,390	1,500		6,890
Hanni Toosbuy Kasprzak	660	192,000		192,660
Per Olesen	1,404	193	350	1,247
Sven Rosenmeyer Paulsen	4,100			4,100
Jan Uldahl-Jensen	718	193		911
Margrethe Weber	1,379	193		1,572
Total	70,071	195,060	370	264,761
Group Executive Management				
Carsten Andersen	19,273			19,273
Preben L. Hansen	2,843			2,843
Karen Frøsig	2,419	708		3,127
Allan Nørholm	719			719
Total	25,254	708		25,962
Total	95,325	195,768	370	290,723

* Holdings by household

Notes

Note 37 Fair value disclosure

Sydbank Group

Financial instruments are included in the balance sheet either at fair value or at amortised cost.

The table below breaks down the financial instruments of each item by valuation method.

DKKm	2009		2008	
	Fair value	Amortised cost	Fair value	Amortised cost
Financial assets				
Cash and balances on demand at central banks	-	862	-	752
Amounts owed by credit institutions and central banks	4,992	8,646	2,408	9,757
Loans and advances at fair value	12,930	-	13,282	-
Loans and advances at amortised cost	-	74,544	-	82,476
Bonds at fair value	36,642	-	26,749	-
Shares etc	1,552	-	1,315	-
Assets related to pooled plans	6,735	-	5,777	-
Other assets	8,741	239	11,306	225
Total	71,592	84,291	60,837	93,210
Undrawn credit facilities	-	30,741	-	31,801
Maximum credit risk, collateral not considered	71,592	115,032	60,837	125,011
Financial liabilities				
Amounts owed to credit institutions and central banks	13,956	31,450	1,108	37,781
Deposits and other debt	-	68,780	-	75,007
Deposits in pooled plans	6,735	-	5,777	-
Bonds issued at amortised cost	-	8,622	-	10,096
Other liabilities	14,217	146	12,566	629
Subordinated capital (Tier 2)	-	3,124	-	4,219
Total	34,908	112,122	19,451	127,732

Financial instruments recognised at fair value

Measurement of financial instruments is based on quoted prices from an active market, on generally accepted valuation models with observable market data or on available data which only to a limited extent are observable market data.

Measurement of financial instruments for which prices are quoted in an active market or which are based on generally accepted valuation models with observable market data are not subject to significant estimates.

Note 37 Fair value disclosure – continued

Sydbank Group

As regards financial instruments where measurement is based on available data that only to a limited extent are observable market data, measurement is subject to estimates. Such financial instruments appear from the column non-observable input below and include unlisted shares and certain bonds, including CDOs, for which there is no longer an active market.

DKKm	Quoted prices	Observable input	Non-observable input	2009 Total fair value
Financial assets				
Amounts owed by credit institutions and central banks	-	4,992	-	4,992
Loans and advances at fair value	-	12,930	-	12,930
Bonds at fair value	-	36,571	71	36,642
Shares etc	530	85	937	1,552
Assets related to pooled plans	2,214	4,521	-	6,735
Other assets	44	8,697	-	8,741
Total	2,788	67,796	1,008	71,592
Financial liabilities				
Amounts owed to credit institutions and central banks	-	13,956	-	13,956
Deposits in pooled plans	-	6,735	-	6,735
Other liabilities	25	14,192	-	14,217
Total	25	34,883	-	34,908

DKKm	Quoted prices	Observable input	Non-observable input	2008 Total fair value
Financial assets				
Amounts owed by credit institutions and central banks	-	2,408	-	2,408
Loans and advances at fair value	-	13,282	-	13,282
Bonds at fair value	-	26,678	71	26,749
Shares etc	520	68	727	1,315
Assets related to pooled plans	1,749	4,028	-	5,777
Other assets	131	11,175	-	11,306
Total	2,400	57,639	798	60,837
Financial liabilities				
Amounts owed to credit institutions and central banks	-	1,108	-	1,108
Deposits in pooled plans	-	5,777	-	5,777
Other liabilities	182	12,384	-	12,566
Total	182	19,269	-	19,451

Notes

Note 37 Fair value disclosure – continued	Sydbank Group		
	DKKm	2009	2008
Assets measured on the basis of non-observable input			
Carrying amount at 1 Jan		798	901
Additions		106	122
Disposals		22	101
Market value adjustment for the year		126	(124)
At 31 Dec		1,008	798
Recognised in profit for the year			
Interest income		20	41
Dividend		24	17
Market value adjustment		126	(124)
Total		170	(66)

Financial instruments recognised at amortised cost

The vast majority of the Group's amounts owed, loans and advances and deposits cannot be transferred without the prior consent of the clients and there is not an active market for trading in such financial instruments. Consequently fair value disclosures are solely based on circumstances where market conditions have changed after the initial recognition of the instrument, including in particular changes in interest rates. Fair value disclosures on financial instruments recognised at amortised cost are based on the assumptions below:

- As regards financial instruments for which a quoted price exists in the market, such a price is applied. This applies to bonds issued and subordinated capital (Tier 2). In the absence of a quoted price, the value is determined on the basis of estimates of the current return requirements of the market.
- As regards loans and advances the impairment charges are presumed to equal the fair value of the credit risk.
- As regards financial instruments with an interest rate risk of less than six months, amortised cost is presumed to equal fair value.
- As a rule the interest rate risk of fixed-rate deposits and loans and advances exceeding six months is hedged by using derivatives. The hedge is treated as a fair value hedge for accounting purposes. As a result of the application of these rules this portfolio has been recognised at fair value in the balance sheet. The portfolio comprises loans and advances, deposits, forward rate agreements and swaps, see note 34.

Based on the above the overall assessment is that the fair value of loans and advances and deposits corresponds to the carrying amount at 31 December 2009 in all material respects.

DKKm	Sydbank Group			
		2009		2008
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds issued at amortised cost	8,622	8,545	10,096	9,665
Subordinated capital (Tier 2)	3,124	2,305	4,219	3,044

Note 38 Financial highlights and financial ratios**Sydbank Group**

	2009	2008	2007	2006	2005
Income statement highlights (DKKm)					
Net interest and fee income	4,399	3,880	3,433	3,090	2,711
Market value adjustments	667	115	400	802	503
Staff costs and administrative expenses	2,341	2,449	2,067	1,926	1,747
Impairment of loans and advances etc	1,368	622	(568)	(171)	65
Profit on holdings in associates etc	23	17	11	3	(1)
Profit for the year	781	606	1,710	1,514	936
Balance sheet highlights (DKKbn)					
Loans and advances	87.5	95.8	83.0	73.2	60.7
Shareholders' equity (Tier 1)	9.1	7.1	6.7	6.3	5.0
Total assets	157.8	156.0	132.3	114.8	98.9
Financial ratios per share (DKK per share of DKK 10)					
EPS Basic	11.0	9.0	25.6	22.1	13.7
Book value	124.1	105.0	104.6	92.1	72.9
Dividend	-	-	3.0	3.0	3.0
Share price/EPS	12.1	7.1	8.6	12.3	11.1
Share price/book value	1.08	0.61	2.10	2.93	2.07
Other financial ratios and key figures					
Solvency (total capital) ratio	15.2	14.7	11.9	11.8	11.1
Core capital (Tier 1) ratio	13.1	10.8	8.9	9.0	8.1
Pre-tax profit as % of average shareholders' equity	12.3	11.8	34.6	36.2	27.9
Post-tax profit as % of average shareholders' equity	9.6	8.8	26.2	26.7	19.9
Income/cost ratio (DKK)	1.24	1.24	2.37	2.10	1.68
Interest rate risk	1.0	1.4	2.6	2.0	2.3
Foreign exchange position	1.1	11.4	1.7	10.3	2.8
Foreign exchange risk	0.0	0.0	0.0	0.1	0.1
Loans and advances relative to deposits	1.2	1.2	1.2	1.3	1.3
Loans and advances relative to shareholders' equity	9.6	13.5	12.4	11.5	12.2
Growth in loans and advances for the year	(8.7)	15.4	13.5	20.5	27.7
Excess cover relative to statutory liquidity requirements	94.4	89.4	103.1	74.0	95.1
Total large exposures	17.2	23.8	46.4	34.7	93.9
Impairment ratio for the year	1.4	0.6	(0.6)	(0.2)	0.1

Financial highlights and financial ratios are determined by the Danish FSA's executive order on financial reporting of credit institutions and brokerage firms etc.

Notes

Note 38 Financial highlights and financial ratios – continued

Sydbank A/S

	2009	2008	2007	2006	2005
Income statement highlights (DKKm)					
Net interest and fee income	4,363	3,856	3,374	3,039	2,667
Market value adjustments	663	109	393	795	501
Staff costs and administrative expenses	2,302	2,402	2,023	1,889	1,715
Impairment of loans and advances etc	1,369	619	(611)	(171)	65
Profit on holdings in associates etc	25	(42)	21	1	5
Profit for the year	781	606	1,710	1,514	936
Balance sheet highlights (DKKbn)					
Loans and advances	86.9	95.6	82.4	72.4	60.6
Shareholders' equity (Tier 1)	9.1	7.1	6.7	6.3	5.0
Total assets	157.6	155.8	132.1	114.6	98.9
Financial ratios per share (DKK per share of DKK 10)					
EPS Basic	11.0	9.0	25.6	22.1	13.7
Book value	124.1	105.0	104.6	92.1	72.9
Dividend	-	-	3.0	3.0	3.0
Share price/EPS	12.1	7.1	8.6	12.3	11.1
Share price/book value	1.08	0.61	2.10	2.93	2.07
Other financial ratios and key figures					
Solvency (total capital) ratio	15.3	14.8	12.1	11.4	10.7
Core capital (Tier 1) ratio	13.2	10.9	9.0	8.7	7.8
Pre-tax profit as % of average shareholders' equity	12.3	11.6	34.8	36.2	27.9
Post-tax profit as % of average shareholders' equity	9.6	8.8	26.2	26.7	19.9
Income/cost ratio (DKK)	1.25	1.24	2.46	2.14	1.70
Interest rate risk	1.0	1.4	2.6	2.0	2.4
Foreign exchange position	1.1	11.4	1.6	10.2	2.8
Foreign exchange risk	0.0	0.0	0.0	0.1	0.1
Loans and advances relative to deposits	1.2	1.2	1.1	1.3	1.2
Loans and advances relative to shareholders' equity	9.5	13.5	12.3	11.4	12.1
Growth in loans and advances for the year	(9.1)	16.0	14.1	19.5	27.3
Excess cover relative to statutory liquidity requirements	96.7	89.8	103.1	74.0	93.7
Total large exposures	17.2	23.7	46.3	34.7	93.9
Impairment ratio for the year	1.4	0.6	(0.7)	(0.2)	0.1

Financial highlights and financial ratios are determined by the Danish FSA's executive order on financial reporting of credit institutions and brokerage firms etc.

Note 39 Reporting events occurring after the balance sheet date

After the expiry of the financial year no matters of significant impact on the financial position of the Sydbank Group have occurred.

Note 40 Group holdings and enterprises

		Sydbank Group				
31 December 2009	Activity	Share capital (m)	Shareholders' equity (m)	Result (DKKm)	Ownership share (%)	
Sydbank A/S		DKK	742			
Consolidated subsidiaries						
Sydbank (Schweiz) AG, St. Gallen, Switzerland	Banking	CHF	40	207	0	100
Ejendomsselskabet af 1. juni 1986 A/S, Aabenraa	Real property	DKK	8	18	1	100

Note 41 Large shareholders

Two shareholders have announced that they own at least 5% of Sydbank's share capital:

ATP, Copenhagen
Nykredit A/S, Copenhagen

Notes – Financial Ratio Definitions

Financial ratios	Definition
EPS Basic (DKK)	Profit for the year divided by average number of shares outstanding
EPS Diluted (DKK)	Profit for the year divided by average number of shares outstanding, including dilutive effect of share options and conditional shares
Share price at year-end	Closing price of the Sydbank share at year-end
Book value per share (DKK)	Shareholders' equity at year-end divided by number of shares outstanding at year-end
Solvency (total capital) ratio	Capital base after deductions divided by risk-weighted items
Core capital (Tier 1) ratio	Core capital including hybrid core capital after deductions divided by risk-weighted items
Pre-tax profit as % of average shareholders' equity	Pre-tax profit divided by average shareholders' equity during the year
Post-tax profit as % of average shareholders' equity	Post-tax profit divided by average shareholders' equity during the year
Loans and advances relative to deposits	Loans and advances at amortised cost divided by deposits (deposits and other debt and deposits in pooled plans)
Loans and advances relative to shareholders' equity	Loans and advances at amortised cost divided by shareholders' equity
Growth in loans and advances for the year	Calculated on the basis of loans and advances at amortised cost
Number of full-time staff at year-end	Number of full-time equivalent staff (part-time staff translated into full-time staff) at year-end

The financial ratios are prepared according to "Recommendations & Financial Ratios 2005" published by the Danish Society of Financial Analysts.

Notes – Derivatives

DKKm	Over 3 months 3 months or less	Over 3 months not exceeding 1 year	Over 1 year not exceeding 5 years	Over 5 years	2009 Total	2008 Total
Nominal values						
Foreign exchange contracts:						
Spot, bought	9,836	-	-	-	9,836	22,753
Spot, sold	6,617	-	-	-	6,617	17,357
Forwards/futures, bought	59,939	5,156	1,438	0	66,533	88,545
Forwards/futures, sold	44,889	3,659	1,433	0	49,981	47,905
Swaps	2,162	6,171	11,529	318	20,180	18,193
Options, acquired	6,002	249	11	0	6,262	7,511
Options, written	4,948	302	11	0	5,261	8,157
Interest rate contracts:						
Spot, bought	6,364	-	-	-	6,364	4,625
Spot, sold	1,639	-	-	-	1,639	1,478
Forwards/futures, bought	38,511	10,612	1,488	0	50,611	11,327
Forwards/futures, sold	51,317	27,005	744	0	79,066	24,523
Forward Rate Agreements, bought	11,588	13,226	2,250	0	27,064	43,766
Forward Rate Agreements, sold	14,072	14,238	2,250	0	30,560	41,864
Swaps	27,316	77,286	53,060	105,281	262,943	219,717
Options, acquired	442	119	3,264	6,077	9,902	13,799
Options, written	3,325	4,010	3,479	4,950	15,764	15,093
Equity contracts:						
Spot, bought	173	-	-	-	173	494
Spot, sold	188	-	-	-	188	568
Forwards/futures, bought	1	0	0	0	1	0
Forwards/futures, sold	2	0	0	0	2	8
Options, acquired	0	0	0	0	0	1
Options, written	0	0	0	0	0	1
Other derivative contracts:						
Futures commodities, bought	6	34	0	0	40	11
Futures commodities, sold	8	26	0	0	34	11
Options, acquired	29	0	0	0	29	0
Options, written	33	0	0	0	33	0
Credit Default Swaps	571	0	687	0	1,258	4,830

DKKm	Over 3 months 3 months or less	Over 3 months not exceeding 1 year	Over 1 year not exceeding 5 years	Over 5 years	2009 Total	2008 Total
Net market values						
Foreign exchange contracts:						
Spot, bought	14	-	-	-	14	58
Spot, sold	4	-	-	-	4	(109)
Forwards/futures, bought	426	68	(8)	0	486	1,074
Forwards/futures, sold	(48)	(23)	5	0	(66)	(90)
Swaps	46	348	332	25	751	854
Options, acquired	107	13	0	0	120	134
Options, written	(106)	(17)	0	0	(123)	(191)
Interest rate contracts:						
Spot, bought	(4)	-	-	-	(4)	32
Spot, sold	2	-	-	-	2	(9)
Forwards/futures, bought	(29)	1	0	0	(28)	6
Forwards/futures, sold	31	(1)	0	0	30	(12)
Forward Rate Agreements, bought	(33)	(19)	(1)	0	(53)	(185)
Forward Rate Agreements, sold	34	15	1	0	50	173
Swaps	(76)	61	(162)	(150)	(327)	(30)
Options, acquired	5	1	149	139	294	284
Options, written	(6)	(2)	(174)	(122)	(304)	(259)
Equity contracts:						
Spot, bought	2	-	-	-	2	3
Spot, sold	(2)	-	-	-	(2)	(3)
Forwards/futures, bought	(3)	0	0	0	(3)	0
Forwards/futures, sold	(2)	0	0	0	(2)	9
Options, acquired	1	0	0	0	1	2
Options, written	(1)	0	0	0	(1)	(2)
Other derivative contracts:						
Futures commodities, bought	0	(1)	0	0	(1)	0
Futures commodities, sold	0	1	0	0	1	0
Options, acquired	0	0	0	0	0	0
Options, written	0	0	0	0	0	0
Credit Default Swaps	0	0	1	0	1	2
Total net market values					842	1,741

Notes – Derivatives

DKKm	Total contracts 2009 *			Total contracts 2008 *		
	Positive	Negative	Net	Positive	Negative	Net
Market values						
Foreign exchange contracts:						
Spot, bought	24	(10)	14	99	(41)	58
Spot, sold	11	(7)	4	23	(132)	(109)
Forwards/futures, bought	998	(512)	486	2,973	(1,899)	1,074
Forwards/futures, sold	426	(492)	(66)	878	(968)	(90)
Swaps	984	(233)	751	1,242	(388)	854
Options, acquired	120	0	120	134	0	134
Options, written	0	(123)	(123)	0	(191)	(191)
Interest rate contracts:						
Spot, bought	2	(6)	(4)	32	0	32
Spot, sold	3	(1)	2	1	(10)	(9)
Forwards/futures, bought	2	(30)	(28)	7	(1)	6
Forwards/futures, sold	32	(2)	30	0	(12)	(12)
Forward Rate Agreements, bought	0	(53)	(53)	0	(185)	(185)
Forward Rate Agreements, sold	50	0	50	173	0	173
Swaps	5,341	(5,668)	(327)	4,320	(4,350)	(30)
Options, acquired	294	0	294	284	0	284
Options, written	2	(306)	(304)	0	(259)	(259)
Equity contracts:						
Spot, bought	4	(2)	2	5	(2)	3
Spot, sold	3	(5)	(2)	2	(5)	(3)
Forwards/futures, bought	(3)	0	(3)	0	0	0
Forwards/futures, sold	6	(8)	(2)	9	0	9
Options, acquired	1	0	1	2	0	2
Options, written	0	(1)	(1)	0	(2)	(2)
Other derivative contracts:						
Futures commodities, bought	0	(1)	(1)	0	0	0
Futures commodities, sold	1	0	1	0	0	0
Options, acquired	0	0	0	0	0	0
Options, written	0	0	0	0	0	0
Credit Default Swaps	29	(28)	1	390	(388)	2
Total market values	8,330	(7,488)	842	10,574	(8,833)	1,741

* All contracts are non-guaranteed.

DKKm	Total contracts 2009			Total contracts 2008		
	Positive	Negative	Net	Positive	Negative	Net
Average market values						
Foreign exchange contracts:						
Spot, bought	42	(80)	(38)	59	(71)	(12)
Spot, sold	67	(61)	6	49	(87)	(38)
Forwards/futures, bought	1,268	(620)	648	2,013	(1,365)	648
Forwards/futures, sold	556	(408)	148	1,070	(962)	108
Swaps	979	(342)	637	984	(318)	666
Options, acquired	169	1	170	160	0	160
Options, written	0	(169)	(169)	0	(140)	(140)
Interest rate contracts:						
Spot, bought	12	(32)	(20)	45	(19)	26
Spot, sold	42	(21)	21	20	(44)	(24)
Forwards/futures, bought	7	(17)	(10)	5	(7)	(2)
Forwards/futures, sold	23	(7)	16	6	(5)	1
Forward Rate Agreements, bought	0	(148)	(148)	75	(51)	24
Forward Rate Agreements, sold	137	(1)	136	49	(61)	(12)
Swaps	5,492	(5,674)	(182)	2,061	(1,844)	217
Options, acquired	274	0	274	243	0	243
Options, written	0	(277)	(277)	0	(211)	(211)
Equity contracts:						
Spot, bought	20	(10)	10	19	(15)	4
Spot, sold	10	(18)	(8)	14	(20)	(6)
Forwards/futures, bought	95	(1)	94	105	(12)	93
Forwards/futures, sold	18	(93)	(75)	3	(2)	1
Options, acquired	5	0	5	6	0	6
Options, written	0	(5)	(5)	0	(6)	(6)
Other derivative contracts:						
Futures commodities, bought	0	(1)	(1)	0	0	0
Futures commodities, sold	0	0	0	0	0	0
Options, acquired	1	0	1	0	0	0
Options, written	0	(1)	(1)	0	0	0
Credit Default Swaps	137	(135)	2	137	(135)	2
Total average market values	9,354	(8,120)	1,234	7,123	(5,375)	1,748

Average market value calculations are based on monthly statements.

Notes – Risk Management

Credit risk

Credit risk is the risk of loss as a result of a debtor's default on his payment obligations to the Group.

The Group's overall credit risk is managed according to policies and limits determined and adopted by the Board of Directors.

The Group applies the options available to mitigate the risk on individual transactions in the form of charges on assets, netting agreements and guarantees etc.

The most frequent types of charges include mortgages on real property and charges on financial assets (shares, bonds and units).

The Group assesses on an ongoing basis the value of collateral provided. The value is determined as the expected net proceeds on realisation. As regards the most frequent types of collateral, the Group has established models that estimate the value of the assets in question.

Monitoring, follow-up and reporting to management are undertaken centrally.

Credit risk to financial counterparties

Trading in securities, currency and derivatives, as well as payment services etc involve exposure to financial counterparties in the form of delivery risk or credit risk.

Delivery risk is the risk that the Group does not receive payments or securities in connection with the settlement of securities or currency transactions equalling the securities or payments delivered by the Group.

Management grants delivery risk lines and credit risk lines to financial counterparties based on the risk profile, rating, size and financial standing of the counterparty. Risks and lines to

financial counterparties are monitored continuously, also intra-day.

The Group participates in an international foreign exchange settlement system, CLS[®], which aims to reduce delivery risk. In CLS[®] payment is made on the net position for each currency, and only one amount for each currency is paid or received. In addition this net exposure is only to one counterparty, who is the Group's partner in CLS[®].

The Group aims to mitigate credit risk to financial counterparties in many ways, eg by concluding netting agreements. Moreover the Group has entered into agreements with a number of the largest counterparties to ensure credit risk mitigation of derivatives. Exposures are calculated on a daily basis after which the parties settle collateral movements. Consequently exposures are reset in all material respects on a daily basis. The agreements are managed by Operations.

The gross exposure to financial counterparties constitutes DKK 38,661m (2008: DKK 24,141m) and the net exposure to financial counterparties represents DKK 16,095m (2008: DKK 16,409m).

Financial counterparties by counterparty type

DKKm	Gross exposure*		Net exposure*	
	2009	2008	2009	2008
Governments etc	6,837	2,734	4,672	1,884
Institutions, repo/reverse	17,806	4,573	691	1,110
Institutions, other	14,018	16,834	10,732	13,415
Total	38,661	24,141	16,095	16,409

* Gross exposure and net exposure are defined in "Credit Risk 2009" which is available at sydbank.com. Gross exposure determination takes undrawn credit commitments into account. Net exposure determination takes undrawn credit commitments, collateral and conversion factors into account.

Credit risk to non-financial counterparties

The Group has developed rating models to manage credit risks to retail and corporate clients. The overriding objective is to identify any deterioration in the client's financial situation as early as possible – in order to work out a plan of action in co-operation with the client.

The models are used in connection with credit approval, pricing, profitability calculations and calculation of collective impairment charges as well as assessment of concentration risks.

Clients are rated in four partially independent models: retail clients, SMEs, corporate clients and investment clients. All models are based on statistical processing of client data for the purpose of classifying clients according to their probability of default (PD) within the next 12 months. The corporate rating model also contains a qualitative element in the form of an industry profile and a strength profile which in aggregate can affect the clients' classification. Clients are classified in three groups: corporate, SME and retail.

Model development is based on the recommendations submitted by the Basel Committee. Through dialogue with other interested parties in the market (credit institutions, supervisory authorities, rating agencies etc) the Group has ensured that the models comply with market standards.

The Group applies the models to determine the regulatory solvency requirement. As regards retail clients the Group applies the advanced IRB approach, ie the Group estimates probability of default (PD), loss given default (LGD) and the utilisation of credit facilities (CF). As regards corporate clients the Group applies the foundation IRB approach, ie the Group only estimates PD and not LGD or CF.

Development and maintenance of rating and credit models will continue to represent an important element of the Group's competences and the findings are applied throughout the Group.

Exposures outside rating models

A small part of the exposures to non-financial counterparties is not yet comprised by the rating models. In connection with the Danish FSA approval, the Group has been granted exemption in this respect.

These exposures consist mainly of exposures via foreign entities. The Group has formulated action plans as to how and when they will form part of the Group's rating models, and in the longer term all significant exposures will be included.

Retail clients

The retail client model is based primarily on account behaviour. On the basis of this data and inherent statistical correlations, retail clients are classified according to their probability of default (PD) vis-à-vis the Group within the next 12 months.

The gross exposure to retail clients constitutes DKK 35,778m (2008: DKK 35,350m) and the net exposure to retail clients represents DKK 26,087m (2008: DKK 25,906m).

Retail clients by rating category and approach

DKKm	Gross exposure		Net exposure	
	2009	2008	2009	2008
1	10,118	9,845	6,861	6,250
2	10,526	9,607	7,669	7,141
3	6,508	5,858	4,988	4,508
4	3,497	3,102	2,741	2,454
5	2,541	2,080	1,967	1,670
6	722	605	542	486
7	267	98	158	83
8	105	48	84	42
9	255	194	204	144
Default	248	189	195	164
Total IRB	34,787	31,626	25,409	22,942
Standardised Approach	991	3,724	678	2,964
Total	35,778	35,350	26,087	25,906

Notes – Risk Management

Corporate clients

The corporate client model is based on the client's accounting data supplemented by appraisals made by the credit officer and/or account manager of the client's current circumstances.

The gross exposure to corporate clients constitutes DKK 95,619m (2008: DKK 102,994m) and the net exposure to corporate clients represents DKK 53,461m (2008: DKK 59,335m).

Corporate clients by rating category and approach

DKKm	Gross exposure		Net exposure	
	2009	2008	2009	2008
1	5,567	5,093	2,335	2,486
2	19,752	32,726	5,188	12,390
3	15,199	24,352	8,981	15,099
4	17,558	15,140	10,863	10,611
5	15,125	8,597	9,298	6,336
6	5,317	3,012	4,024	2,099
7	4,041	1,217	3,127	955
8	1,665	1,079	1,368	609
9	2,965	1,810	2,463	1,446
Default	1,905	826	1,793	773
Total IRB	89,094	93,852	49,440	52,804
Standardised Approach	6,525	9,142	4,021	6,531
Total	95,619	102,994	53,461	59,335

Additional information about credit risk

Additional information about the Group's credit risk is available at the Bank's website sydbank.com.

Market risk

Market risk is the risk that the market value of the Group's assets and liabilities will be affected as a result of changes in market conditions.

Overall Group market risk is stated as total interest rate, foreign exchange and equity risks. Assuming market risk forms part of the Group's core business and is of great importance to total income.

Market risk is managed by the Treasury department in Sydbank Markets in accordance with the policies and limits determined and adopted by the Bank's Board of Directors.

The Bank's controllers continuously monitor the individual risk areas and provide the Bank's management with extensive reporting on a continuing basis.

Interest rate risk

Interest rate risk comprises the Group's total risk of loss resulting from interest rate changes in the financial markets.

The Group adopts a cash flow model to determine the interest rate risk of fixed-rate positions (bonds etc). A duration model is used to calculate the interest rate risk of Danish callable mortgage bonds. Interest rate risk makes up the bulk of overall Group market risk.

In accordance with the method of calculation of the Danish FSA, interest rate risk is calculated as the risk of a parallel shift in the interest rate level of 1 percentage point in all currencies and totals DKK 105m or 1.0% at year-end (2008: 1.4%) of Group core capital (including hybrid core capital) after deductions. A calculated loss of DKK 169m (2008: DKK 101m) derives from positions in Danish kroner.

Interest rate risk by duration and currency

DKKm	0-1 yr	1-2 yrs	2-3 yrs	> 3 yrs	Total 2009	Total 2008
DKK	(12)	35	144	2	169	101
EUR	(57)	(30)	(15)	27	(75)	(2)
GBP	5	5	0	0	10	0
NOK	(1)	0	0	6	5	0
USD	3	0	0	(7)	(4)	(2)
Other	1	0	0	(1)	0	12
Total 2009	(61)	10	129	27	105	
Total 2008	5	6	67	31		109

The method of calculation of the Danish FSA allows full set-off between different currencies, maturities and yield curves. The Group is aware of the risk of these assumptions and monitors these risks separately on an ongoing basis.

The Group has established an internal interest rate risk scenario where set-off between currencies is not allowed (apart from EUR and DKK). The net yield curve risk cannot be lower than the risk on the highest of the three individual curves (government curve, Danish mortgage curve and swap curve). The risk on options recognised includes a premium.

Foreign exchange risk

As in previous years the Group's foreign exchange risk was insignificant in 2009.

Equity risk

The Group's portfolio of shares and holdings in associates represents DKK 1,862m at year-end 2009 (2008: DKK 1,547m).

Equity investments constitute DKK 1,217m (2008: DKK 937m).

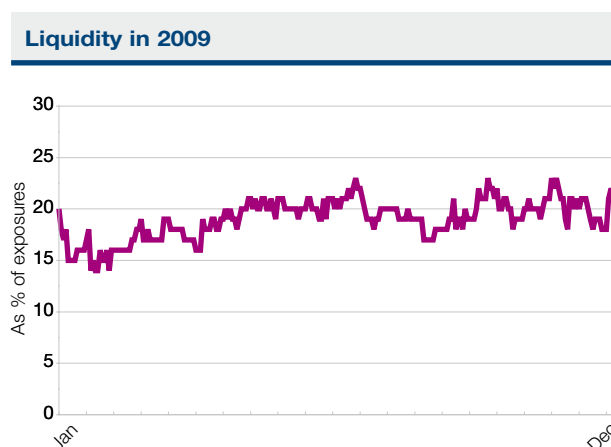
Notes – Risk Management

Liquidity risk

Liquidity risk comprises the risk that payment obligations cannot be honoured by means of the cash resources.

Liquidity is managed and monitored on an ongoing basis in accordance with section 152 of the Danish Financial Business Act which stipulates the size of cash and cash equivalents which the Group is required to have at its disposal relative to total debt and guarantee exposures and short-term debt and guarantee exposures. The Bank's Board of Directors has determined stricter requirements concerning these ratios than those prescribed by the Act.

Liquidity for 2009, measured in relation to the 10% requirement as specified in section 152 of the Danish Financial Business Act, appears from the chart below.

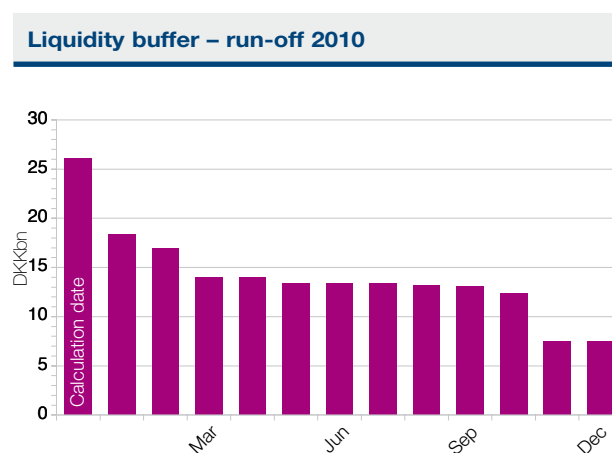


Moreover the size of cash and cash equivalents is adjusted to the maturity profile of exposures to enable the Group to honour debt and guarantee exposures as they mature. Reference is made to notes 26, 27, 28 and 31 for the maturity profiles of the Group's debt exposures.

In addition the Board of Directors has set requirements concerning the Group's ability to withstand a run-off of capital market financing, defined in terms of the interbank market and Global MTN issues, and at the same time finance a normal growth in loans and advances.

The time frame is 12 months and is based on a calculation of the Group's liquidity buffer, which is determined while taking into account the liquidity value of the Group's assets. Fully liquid deposits with Nationalbanken and certificates of deposit are included at full value in contrast to for instance unlisted shares which do not carry any value. Consequently the assets are recognised at a conservatively determined realisable value or loan value when calculating the liquidity buffer.

The run-off profile as of 31 December 2009 expressed by the so-called "Moody's chart" is shown below:



Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk.

The Group classifies its operational losses in three main groups according to frequency and severity:

- high-frequency, low-severity losses
- medium-frequency, medium-severity losses
- low-frequency, high-severity losses.

High-frequency, low-severity losses are handled via the Group's budget and accounting systems. Sizing is budgeted on an annual basis and assessed regularly via accounting follow-up at branch, regional and divisional levels.

Medium-frequency, medium-severity losses are handled via an internally developed system which collects loss data on an ongoing basis. Collection is electronic and loss data is classified according to event type and business line. Moreover the system ensures compliance with the Group's business procedures for approval, information, accounting and payment, if any.

Low-frequency, high-severity losses are handled manually, both when reporting the event and when reporting to management.

Management receives ongoing reporting as regards all medium-severity and high-severity losses, including distribution by event type and business line as well as developments concerning frequency and size.

Collection and storage of loss data is a significant condition of any subsequent application of internal models to calculate the capital requirement.

On the basis of reported events – and trends in other observable data – procedures are continuously improved in order to minimise the number of errors and events involving a risk of loss.

The Group reviews all business lines with the aim of identifying and describing the largest individual risks where the Group

may incur significant losses as well as the relevant business procedures and routines for the purpose of minimising such risks.

The Group applies the Standardised Approach to calculate the capital requirement in accordance with Basel II. Under this approach the capital requirement is calculated on the basis of weightings in compliance with the Capital Requirements Directive. Weightings are assigned to each of the following business lines:

- corporate finance
- trading and sales
- retail brokerage
- commercial banking
- retail banking
- payment and settlement
- agency services
- asset management.

The Group's accounting ensures that gross income can be allocated to these business lines and the Group's capital charge for operational risk is determined for each business line as gross income multiplied by the weighting assigned to the individual business line. In 2009 the Group's total capital requirement for operational risk represented DKK 523m.

IT supply is a significant operational risk aspect. On an ongoing basis the Group describes and reviews this area – system by system. Forming part of this description, individual event requirements have been set up regarding support, error reporting and error correction.

The Group's management continuously reviews IT security and specifies levels of eg accessibility and reliability of systems as well as data. As a result of these requirements, a significant part of the Group's use of IT has been mirrored and physically separated to minimise the risk of breakdown. The requirements apply to the internal IT organisation as well as the IT supplier, Bankdata.

Notes – Risk Management

Capital base

The Bank is a licensed financial services provider and must therefore comply with the capital requirements contained in the Danish Financial Business Act. Danish capital adequacy rules are based on the EU capital requirements directives and apply to both the parent and the Group.

The capital adequacy rules call for a minimum capital level of 8% of the risks calculated plus any additional capital needed. Detailed rules regulate the calculation of capital and risks (risk-weighted items).

The capital base (Tiers 1+2) is made up of core capital and supplementary capital. Core capital comprises shareholders' equity and hybrid core capital.

The difference between the carrying amount of shareholders' equity and the capital base is shown in note 2.

The Group's subordinated capital, hybrid core capital as well as supplementary capital may, subject to certain conditions, be included in the capital base. Sections 124, 132 and 136 of the Danish Financial Business Act specify these conditions. Note 31 shows subordinated capital.

The internal capital target is the level of capital that the Group wishes to have at its disposal to protect shareholders against loss under prevailing and future economic conditions. At year-end 2009, the internal capital target represents DKK 9.9bn.

The international rating agency, Moody's, regularly assesses the Group's ability to honour its payment obligations. The rating targets are an essential part of the Group's capital targets because a good rating gives the Group easier and cheaper access to capital and liquidity from the capital markets.

Management Statement

Today we have reviewed and approved the 2009 Annual Report of Sydbank A/S.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act. Furthermore, the annual report has been prepared in compliance with additional Danish disclosure requirements for annual reports of listed financial companies.

In our opinion the consolidated financial statements and the financial statements give a true and fair view of the Group's and the parent company's assets, shareholders' equity and liabilities and financial position at 31 December 2009 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2009. Moreover it is our opinion that the management's review includes a fair review of the developments in the Group's and the parent company's operations and financial position as well as a description of the most significant risks and elements of uncertainty which may affect the Group and the parent company, respectively.

We propose that the Annual Report be submitted for adoption by the AGM.

Aabenraa, 16 February 2010

Group Executive Management

Carsten Andersen
(Group Chief Executive)

Preben Lund Hansen

Karen Frøsig

Allan Nørholm

Board of Directors

Kresten Philipsen
(Chairman)

Anders Thoustrup
(Vice-Chairman)

Svend Erik Busk

Otto Christensen

Peder Damgaard

Harry Max Friedrichsen

Peter Gæmelke

Hanni Toosbuy Kasprzak

Per Olesen

Sven Rosenmeyer Paulsen

Jan Uldahl-Jensen

Margrethe Weber

Auditors' Reports

Internal Audit

To the shareholders of Sydbank A/S

We have audited the consolidated financial statements and the financial statements of Sydbank A/S for the financial year 1 January – 31 December 2009. The consolidated financial statements and parent company financial statements comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes for the Group and for the parent company as well as the consolidated cash flow statement. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements have been prepared in accordance with the Danish Financial Business Act. Further, the consolidated financial statements and the parent company financial statements have been prepared in accordance with additional Danish disclosure requirements for listed financial institutions.

In addition to our audit, we have read the Management's review prepared in accordance with Danish disclosure requirements for listed financial institutions and issued a statement in this regard.

Basis of opinion

We conducted our audit on the basis of the executive order of the Danish Financial Supervisory Authority on the performance of the audit in financial institutions etc and financial groups and in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

The audit has been performed in accordance with the segregation of duties as agreed with the external auditor and involves evaluating established procedures and internal control includ-

ing the risk management planned by the Management as regards reporting processes and significant business risks. Based on an evaluation of materiality and risk we have examined, on a test basis, the basis for the amounts and disclosures in the consolidated financial statements and the parent company financial statements, including examining evidence supporting the amounts and disclosures. The audit also included evaluating the appropriateness of accounting policies applied by the Management and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We have participated in the audit of significant and risky areas and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion established procedures and internal control, including the risk management planned by the Management as regards the reporting processes and significant business risks of the Group and the parent company, are satisfactory.

Moreover it is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2009 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January – 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent company financial state-

Internal Audit

ments and in accordance with additional Danish disclosure requirements for listed financial institutions.

Statement on management's review

Management is responsible for preparing a management's review which includes a fair review in accordance with Danish disclosure requirements for listed financial institutions.

Our audit has not included the management's review but we have read the management's review pursuant to the Danish Financial Business Act. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information given in the management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aabenraa, 16 February 2010

Ole Kirkbak

Head of Internal Audit

Auditors' Reports

Independent Auditor's Report

To the shareholders of Sydbank A/S

We have audited the consolidated financial statements and the parent company financial statements of Sydbank A/S for the financial year 1 January – 31 December 2009. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements have been prepared in accordance with the Danish Financial Business Act. Further, the consolidated financial statements and the parent company financial statements have been prepared in accordance with additional Danish disclosure requirements for listed financial institutions.

In addition to our audit, we have read the Management's review prepared in accordance with Danish disclosure requirements for listed financial institutions and issued a statement in this regard.

Management's responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements and parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU (the Group), the Danish Financial Business Act (the parent company), and additional Danish disclosure requirements for listed financial institutions. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and

making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare and issue a Management's review that gives a fair review in accordance with Danish disclosure requirements for listed financial institutions.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the consolidated financial statements and parent company financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements and the parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

Independent Auditor's Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2009 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January – 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial

Business Act in respect of the parent company financial statements and in accordance with additional Danish disclosure requirements for listed financial institutions.

Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aabenraa, 16 February 2010

KPMG

Statsautoriseret Revisionspartnerselskab

Jakob Nyborg

State Authorised Public Accountant

Jon Midtgaard

State Authorised Public Accountant

Company Announcements and Financial Calendar

Announcements to Nasdaq OMX Copenhagen 2009

No	Date	Contents
01/09	21 January 2009	Sydbank's acquisition of bankTrelleborg
02/09	10 February 2009	Annual General Meeting of Sydbank A/S
03/09	17 February 2009	Announcement of the 2008 Financial Statements
04/09	5 March 2009	Annual General Meeting of Sydbank A/S and election to the Bank's Board of Directors
05/09	28 April 2009	Sydbank's Quarterly Report – Q1 2009
06/09	25 May 2009	Holding of own shares
07/09	18 August 2009	Sydbank's Interim Report – First Half 2009
08/09	15 September 2009	Sydbank A/S to offer up to 6,749,999 shares in a private placement at market price
09/09	15 September 2009	Completion of the Offering of 6,749,999 new shares
10/09	21 September 2009	Registration of capital increase of 6,749,999 shares completed
11/09	30 September 2009	Sydbank's voting rights and total capital at end-September 2009
12/09	27 October 2009	Sydbank's Interim Report – Q1-Q3 2009
13/09	24 November 2009	Sydbank to decline government hybrid core capital

Financial Calendar 2010

16 February 2010	2009 Annual Report
4 March 2010	Annual General Meeting of Sydbank A/S
27 April 2010	Interim Report – Q1 2010
17 August 2010	Interim Report – 1H 2010
26 October 2010	Interim Report – Q1-Q3 2010

Shareholders' Meetings 2010

Region	Date	Time	Venue
Aabenraa	Tuesday 16 March	6:30 pm	Aabenraa Svømme- og Idrætscenter
Esbjerg	Tuesday 16 March	6:30 pm	Musikhuset
Gråsten	Tuesday 9 March	6:30 pm	Ahlmannsparken
Horsens	Monday 15 March	6:30 pm	Forum Horsens
Hovedstaden	Thursday 11 March	6:30 pm	The Royal Library, The Queen's Hall (The Black Diamond)
Kolding	Monday 8 March	6:30 pm	Kolding Teater
Nordborg	Thursday 18 March	6:30 pm	Nord-Als Idrætscenter
Odense	Wednesday 17 March	6:30 pm	Radisson SAS H.C. Andersen Hotel
Padborg	Wednesday 17 March	6:30 pm	Grænsehal 3, Kruså
Svendborg	Monday 8 March	6:30 pm	Svendborg Erhvervsskole
Sønderborg	Wednesday 10 March	6:30 pm	Frihedshallen
Tønder	Thursday 11 March	6:30 pm	Tønderhal 2
Varde	Wednesday 10 March	6:30 pm	Hotel Arnbjerg
Vejle	Tuesday 9 March	6:30 pm	Musikteatret
Århus	Monday 15 March	6:30 pm	Scandinavian Congress Center

Notice Convening the Annual General Meeting

Notice convening the Annual General Meeting of Sydbank A/S

On Thursday 4 March 2010 at 3pm, Sydbank's Annual General Meeting will be held at Folkehjem, Haderslevvej 7, 6200 Aabenraa.

Agenda according to Article 8 of the Articles of Association:

1. Board of Directors' report on the Bank's activities in 2009.
2. Submission of the audited annual report for adoption.
3. Motion for the allocation of profit according to the adopted annual report.
4. Election of members to the Shareholders' Committee.
5. Appointment of auditor.
6. Proposals to amend the Articles of Association:

Article 3 (1) and (2)

The deletion of "After consultation with the Shareholders' Committee". An extension of the authorisation from 1 March 2011 to 1 March 2016.

The following amendments to the Articles of Association are proposed for adoption contingent on the obligation of the Board of Directors to amend the Articles of Association when the new Danish Companies Act comes into force:

Article 6 (1)

That the notice to the general meeting is amended from "notice of not less than 8 days and not more than 4 weeks" to "notice of not less than 3 weeks and not more than 5 weeks".

Article 6 (2)

Amendment to "No later than 3 weeks prior to any General Meeting, the following documents shall be made available at the Bank's website: the notice convening the General Meeting, the total number of shares and voting rights as at the date of the notice, the documents to be submitted to the General Meeting as well as the agenda, the complete resolutions to be proposed at the General Meeting and any forms for the purpose of the General Meeting. In the case of the Annual General Meeting, the audited annual report shall also be made available."

Article 7 (1)

Amendment from "...one-tenth of the share capital..." to "...5% of the share capital..."

Article 8 (3)

Amendment to "Proposals submitted by shareholders for discussion at the Annual General Meeting shall be placed on the agenda if they have been received in writing no later than 6 weeks before the General Meeting."

Article 9 (2)

Amendment to “Any shareholder shall be entitled to attend the General Meeting and to vote in respect of the shares of the shareholder with respect to the shares held by the shareholder on the date of registration. Notification of the participation of the shareholder in the General Meeting shall be given not later than 3 days prior to the General Meeting. The shareholder shall be entitled to attend the General Meeting by proxy. The instrument of proxy shall be in writing and dated. An instrument of proxy to the company management may not be given for a period exceeding 12 months and shall moreover be given in respect of a specific General Meeting where the agenda has been communicated in advance”.

Article 16 (3)

Amendment to “Part 8 of the Danish Companies Act”

Consequential amendment:

Share register amended to Register of shareholders.

7. Authority to the Board of Directors to allow the Bank to acquire own shares in the period until the next Annual General Meeting.
8. Proposals submitted by the Board of Directors or shareholders.
9. Any other business.

The agenda, complete proposals and audited annual report will be available for inspection by the shareholders at sydbank.com and at Sydbank’s branches no later than eight days before the Annual General Meeting.

The Bank’s share capital totals DKK 742,499,990.

As regards shareholders’ voting rights, reference is made to Article 10 of the Bank’s Articles of Association.

Admission cards for the Annual General Meeting can be ordered at any of Sydbank’s branches or at sydbank.com no later than Monday 1 March 2010.

Aabenraa, 12 February 2010

The Board of Directors of Sydbank A/S
Kresten Philipsen, Chairman

Board of Directors and Group Executive Management

Board of Directors

Following the AGM on 5 March 2009 the Board of Directors elected its chairman Kresten Philipsen and vice-chairman Anders Thoustrup.

Following the AGM Svend Erik Busk was elected to the Board of Directors.

Chairman

Kresten Philipsen

Lundtoftbjerg, Aabenraa

Born 29 June 1945.

Elected to Board of Directors in 1999.

Expiry of current term of office: 2011.

Member of Audit Committee.

Farmer, former county mayor, Chairman of the Boards of Directors of Privathospitalet Kollund A/S and SYD Energi Holding A/S. Member of the Boards of Directors of DONG Energy Power A/S, Dansk-Tysk Landbrugsinvestering A/S, Gråsten, A/S Plantningsselskabet Sønderjylland, Netsam A/S, Dalgasgruppen A/S and DONG Energy A/S.

Vice-Chairman

Anders Thoustrup

Randers

Born 27 February 1949.

Elected to Board of Directors in 2000.

Expiry of current term of office: 2012.

Member of Audit Committee.

General manager, member of the Board of Directors/Executive Management of Thoustrup & Overgaard A/S and Danish African Development Company A/S.

Chairman of the Boards of Directors of Randers Investeringselskab A/S and Maskinfabrikken Fornax A/S.

Member of the Boards of Directors of Hotel Randers A/S, Aktieselskabet af 1. August 1942, Randers Parkering & Service A/S, N. Graversens Metalvarefabrik A/S and Grameta A/S.

Svend Erik Busk

Aabenraa

Born 16 January 1948.

Elected to Board of Directors in 2009.

Expiry of current term of office: 2013.

Chairman of Audit Committee.

General manager, Chairman of the Boards of Directors of DUKAS Danmark A/S and Bjergmose A/S. Member of the Boards of Directors of Duus A/S, ZENI Arkitekter A/S, Heinrich Callesen Holding A/S, Aabenraa Antikvitetshandel, Hans Jørgen Petersen A/S.

General Manager of Slovakian Farm Invest A/S, Artemis A/S and Staudan A/S.

Otto Christensen

Vejle

Born 4 February 1950.

Elected to Board of Directors in 2002.

Expiry of current term of office: 2012.

General manager, managing director and member of the Boards of Directors of Good Food Group A/S, Dan Labels A/S, JAN Import A/S, Cico Invest A/S and OC Danmark Holding A/S. Chairman of the Boards of Directors of Scandic Food A/S and Mammens Emballage A/S. Member of the Boards of Directors of AC Danmark Holding A/S, TC Danmark Holding A/S, Generationsskifte & Vækst A/S and Emballage Holding A/S.

Peder Damgaard**Gråsten**

Born 13 December 1956.
Elected to Board of Directors in 2006.
Expiry of current term of office: 2010.
Principal.

Peter Gæmelke**Vejle**

Born 7 January 1955.
Elected to Board of Directors in 2007.
Expiry of current term of office: 2011.
Farmer, Member of the Boards of Directors of DLR Kredit A/S and Kirkbi A/S.

Hanni Toosbuy Kasprzak**Haderslev**

Born 21 July 1957.
Elected to Board of Directors in 2006.
Expiry of current term of office: 2010.
Board Chairman, Chairman of the Boards of Directors of Ecco Sko A/S, Ecco Holding A/S and Hada Holding A/S.

Sven Rosenmeyer Paulsen**Copenhagen**

Born 23 January 1947.
Elected to Board of Directors in 2006.
Expiry of current term of office: 2010.
Supreme Court Attorney. Vice-Chairman of the Board of Directors of Nordic Tankers A/S.

Harry Max Friedrichsen**Stubbæk, Aabenraa**

Born 17 April 1951.
Elected to Board of Directors in 1990.
Expiry of current term of office: 2010.
Assistant Manager, elected by the staff.

Per Olesen**Vejle**

Born 21 July 1968.
Elected to Board of Directors in 2006.
Expiry of current term of office: 2010.
Group Executive Vice President, elected by the staff.

Jan Uldahl-Jensen**Kolding**

Born 11 February 1953.
Elected to Board of Directors in 2002.
Expiry of current term of office: 2010.
Assistant Manager, elected by the staff.

Margrethe Weber**Aabenraa**

Born 8 July 1956.
Elected to Board of Directors in 1993.
Expiry of current term of office: 2010.
Bank Clerk, elected by the staff.

Group Executive Management

Group Chief Executive

Carsten Andersen

Born 15 August 1945.
Group Executive Management member since 1978
Group Chief Executive since 1981.
Chairman of the Boards of Directors of Ejendomsselskabet af 1. juni 1986 A/S and Bogføringsforeningen Bankdata.
Vice-Chairman of the Board of Directors of Multidata Holding A/S. Member of the Boards of Directors of PBS Holding A/S, PRAS A/S, the Danish Bankers' Association and the Regional Bankers' Association.

Deputy Group Chief Executive

Preben Lund Hansen

Born 21 January 1950.
Group Executive Management member since 1992.
Vice-Chairman of the Board of Directors of DLR Kredit A/S.

Deputy Group Chief Executive

Karen Frøsig

Born 23 September 1958.
Group Executive Management member since 2008.
Chairman of the Board of Directors of Sydbank (Schweiz) AG. Member of the Boards of Directors of Ejendomsselskabet af 1. juni 1986 A/S and Totalkredit A/S.

Deputy Group Chief Executive

Allan Nørholm

Born 9 August 1965.
Group Executive Management member since 2008.
Member of the Boards of Directors of Value-Call S.A. and BankInvest.

Regions

Esbjerg Region

Head of Region Brian Knudsen

Regional head office

Kongensgade 62, DK-6701 Esbjerg
Tel +45 74 37 65 00

Horsens Region

Head of Region Henning Barsøe

Regional head office

Søndergade 18-20, DK-8700 Horsens
Tel +45 74 37 76 00

Copenhagen Region

Head of Region Henning Juhl Jessen

Regional head office

Kgs. Nytorv 30, DK-1050 Copenhagen K
Tel +45 74 37 78 00

Kolding Region

Head of Region Finn Boel Pedersen

Regional head office

Jernbanegade 14, DK-6000 Kolding
Tel +45 74 37 50 00

Herning Region

Head of Region Niels Vestermark

Regional head office

Dalgasgade 22, DK-7400 Herning
Tel +45 74 37 62 00

Odense Region

Head of Region Niels K. Andersen

Regional head office

Vestergade 33, DK-5100 Odense C
Tel +45 74 37 92 00

Padborg Region

Head of Region Kaj Risom

Regional head office

Møllegade 3, DK-6330 Padborg
Tel +45 74 37 60 90

Sjælland Region

Head of Region Hans Iversen

Regional head office

Nytorv 11 A, DK-4200 Slagelse
Tel +45 74 37 94 00

Svendborg Region

Head of Region Ole Laugesen

Regional head office

Klosterplads 2, DK-5700 Svendborg
Tel +45 74 37 64 00

Sønderborg Region

Head of Region Oskar Tygesen

Regional head office

Jernbanegade 35, DK-6400 Sønderborg
Tel +45 74 37 70 00

Tønder Region

Head of Region Arne Jørgensen

Regional head office

Storegade 28, DK-6270 Tønder
Tel +45 74 37 53 00

Varde Region

Head of Region Finn Christensen

Regional head office

Vestergade 4, DK-6800 Varde
Tel +45 74 37 67 00

Vejle Region

Head of Region Tina Kroman Lyngsø

Regional head office

Kirketorvet 4, DK-7100 Vejle
Tel +45 74 37 58 00

Aabenraa Region

Head of Region Allan Lorentsen

Regional head office

Storegade 18, DK-6200 Aabenraa
Tel +45 74 37 30 00

Aalborg Region

Head of Region Laurits Brandt Andersen

Regional head office

Vingårdsgade 21, DK-9000 Aalborg
Tel +45 74 37 72 40

Århus Region

Head of Region
Torben Rosenberg Rasmussen

Regional head office

Store Torv 12, DK-8100 Århus C
Tel +45 74 37 57 00

Corporate Banking

Grethe Harmuth
Group Executive Vice President

Peberlyk 4, DK-6200 Aabenraa
Tel +45 74 37 37 37

Germany

Kim Møller Nielsen
Group Executive vice President

Regional head office
Rathausplatz 11, D-24937 Flensburg
Tel +49 461 86 020

PBI

Allan W. Larsen
Group Executive Vice President

Torvet 2, DK-6300 Gråsten
Tel +45 74 37 73 00

Sydbank (Schweiz) AG

Dr. Thomas König, CEO
Jørn Gregersen, COO

Poststrasse 17, CH-9000 St. Gallen
Tel +41 71 227 81 00

Sydleasing

Jette Clausen
Group Executive Vice President

Storegade 18, DK-6200 Aabenraa
Tel +45 74 37 45 70

Sydfactoring

Storegade 18, DK-6200 Aabenraa
Tel +45 74 37 45 90

Søfinans

Storegade 18, DK-6200 Aabenraa
Tel +45 74 37 45 50

Organisation

Board of Directors

Internal Audit
Ole Kirkbak

Group Executive Management

Carsten Andersen

Preben Lund Hansen

Karen Frøsig

Allan Nørholm

Central functions

Global Payments &
Cash Management
Niels Skyvad

Legal Department
Karin Sønderbæk

Merchant Bank
Bjarne Larsen

Business Processes
Mogens Kristensen

Operations
Jørgen Møller Madsen

Human Resources/IT
Niels Møllegaard

Communications
Eva Sand

Sydbank Markets
Lars Bolding

Accounting
Mogens Sandbæk

Credits
Per Klitt Jensen

Asset Management
Michael Andersen

Retail & Corporate Clients
Jess Olsen

Wealth & Financial Advisory Services
Per Olesen

Line functions

Esbjerg Region
Brian Knudsen

Svendborg Region
Ole Laugesen

Corporate Banking
Grethe Harmuth

Copenhagen Region
Henning Juhl Jessen

Sønderborg Region
Oskar Tygesen

Sydbank in Germany
Kim Møller Nielsen

Horsens Region
Henning Barsøe

Tønder Region
Arne Jørgensen

PBI in Gråsten
Allan W. Larsen

Kolding Region
Finn Boel Pedersen

Varde Region
Finn Christensen

Sydbank (Schweiz) AG
Dr. Thomas König
Jørn Gregersen

Herning Region
Niels Vestermark

Vejle Region
Tina Kromann Lyngsø

Sydleasing
Jette Clausen

Odense Region
Niels K. Andersen

Aabenraa Region
Allan Lorentsen

Padborg Region
Kaj Risom

Aalborg Region
Laurits Brandt Andersen

Slagelse Region
Hans Iversen

Århus Region
Torben Rosenberg Rasmussen

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